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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/16/2005

[redacted] date of birth [redacted] cell
 telephone number [redacted] cell telephone number [redacted]
 home address [redacted] was interviewed at the FBI, Birmingham, Alabama. After being advised of the identities of the interviewing agents and the nature of the interview, [redacted] provided the following information:

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[redacted] graduated from [redacted] in [redacted]. On [redacted] he began working for the GREATER ALABAMA COUNCIL (GAC) of the BOY SCOUTS OF AMERICA (BSA). He [redacted] for [redacted] which covers [redacted]. Currently [redacted]

[redacted] replaced [redacted] described [redacted] as not thorough and efficient. [redacted] reported to [redacted] until September 14, 2005 when [redacted] was promoted to a newly created position. [redacted] In this position, [redacted] did not replace anyone. [redacted] beliefs [redacted] was promoted as a payoff and for "keeping his mouth shut." [redacted] believes the management wanted to keep [redacted] around because [redacted] had been looking at positions in other councils.

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[redacted] advised that [redacted] reported to [redacted] did the "dirty work" for [redacted]. [redacted] advised that [redacted] knew what was going on at GAC but tried not to let people know that he knew what was going on. [redacted] received 98% of his direction from [redacted] and 2% from [redacted]. [redacted] was under the tutelage of [redacted]. [redacted] explained that according to [redacted] things were all or none and there was no middle ground.

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[redacted] advised that [redacted] sort of replaced [redacted]. There was a realignment of the organization at GAC. [redacted] now reports to [redacted]

[redacted] explained that the scouting program and the Learning for Life (LFL) program are two distinctly different programs offered by GAC. The membership in the scouting program and the LFL membership are separate from one another and independently reported to BSA. The scouting program consists of boys who are

Investigation on 09/15/2005 at Birmingham, AlabamaFile # 46H-BH-51721-71
by SA [initials] SA [initials]Date dictated 09/16/2005b6
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members of units such as packs and troops. [redacted] advised that an important component of the scouting program is the advancement of the members. LFL is a character education program presented in the schools. For LFL, GAC gives the schools materials to be presented to both boys and girls in the classroom. The school possibly buys these materials from GAC. [redacted] advised that LFL membership numbers are insignificant compared to scouting program membership numbers because only scouting program membership numbers are a measure of the council's production by the national office.

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[redacted] showed the Interviewing Agents rosters for the in-school units in Blount County. A copy of these rosters has been placed in the files of the FBI. [redacted] advised that these units are chartered as part of the scouting program and not LFL. The boys in these units are registered as members of packs and troops chartered through their school. [redacted] advised that these units have not been receiving the scouting program for years. The boys on these rosters were signed up for the scouting program by GAC.

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[redacted] explained that, as an example, [redacted] is a re-chartered unit. For this unit to have been re-chartered a unit leader would have had to have signed a certification that the information on the roster is correct. [redacted] does not believe any unit leaders signed anything to re-charter these units.

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[redacted] also advised that the boys would have needed to fill out an application for scouting that both their parent and scout master would have needed to sign to make them members of the scouting program. [redacted] does not believe the parents or the listed scout masters signed membership applications.

[redacted] spoke to [redacted] and [redacted] are both listed as adult leaders on many of these units. [redacted] both said that they have had nothing to do with these units and never signed up to be adult leaders of these units. [redacted] believe they have been listed as [redacted] when the Chocolow council existed. [redacted] never signed anything to be part of these units such as adult volunteer applications. For years [redacted] have received membership cards and rosters in the mail for these units. According to [redacted] another adult leader listed on the rosters, [redacted] has been out of scouting for years. [redacted] still receives membership materials in the mail and is still on rosters. [redacted] advised that there are many discrepancies in the birth dates and addresses listed on these rosters. [redacted]

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Continuation of FD-302 of [redacted]

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advised that [redacted] is the son of [redacted] and that their birth date is listed as the same on some of the rosters.

[redacted] advised that [redacted] has been handling these units. [redacted] last day was [redacted] and the units were re-chartered in May 2004. [redacted] had to enter the units into the GAC system for the period following [redacted] departure until the charters expired. [redacted] advised that there was a memo from BSA in April 2004 that advised that re-chartering these types of units was not allowed but that [redacted] did it anyway. When [redacted] presented the units to [redacted] he failed to look at the packet. [redacted] feels like he was "duped" by [redacted]. [redacted] advised that [redacted] was previously over [redacted], which had a lot of members named "John Doe."

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[redacted] knows from his personal experiences that since he began working at GAC that the scout program has not been delivered to these units. These units have only received the LFL program. [redacted] explained that the scout program is delivered to in-school units by program aides. [redacted] advised that program aides were not hired for these units. [redacted] told [redacted] that he tried to hire aides but that they did not work out. After January 31, 2005 [redacted] delivered the LFL program to these units; [redacted] believes that this was done as a "cover-up" for what had been occurring. [redacted] advised that [redacted] went to the schools the majority of the time and delivered the LFL program to these units. On some occasions [redacted] delivered the LFL program to these units. [redacted] described the LFL program as being similar to "school lessons" presented in the classroom. Both girls and boys were present while the LFL program was delivered to these units, but only the boys were enrolled in the scouting program. [redacted] advised that given the large number of boys enrolled in these units that it is not possible that [redacted] could have delivered any type of program to all of them. Therefore some boys enrolled in these units received no program from GAC.

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[redacted] advised that [redacted] who was an employee of the school system, is listed on the charters for these units as an adult leader. [redacted] believes [redacted] was "sold one thing" by GAC and the program was actually delivered as another thing. [redacted] believes that [redacted] believed the scouting program was going to be delivered to the boys at the school but instead GAC delivered the LFL program. [redacted] advised that [redacted] is no longer employed by the board of education. [redacted] advised that [redacted] was never really a scout volunteer. In February or March

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Continuation of FD-302 of [redacted]

, On 09/15/2005, Page 4

[redacted] by GAC. [redacted] explained that this award is a large council award that is given to a scout volunteer who has given a significant amount of time and money to scouting. [redacted] advised that [redacted] had not done anything for scouting and that she had not given any money to scouting.

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During the summer of 2005, [redacted] gave [redacted] a list of charters to take to [redacted] it was [redacted] last week working at the board of education. [redacted] signed the charters. [redacted] told [redacted] to sign the charters as the council representatives. [redacted] replaced [redacted] at the board of education. On September 7, 2005 [redacted] asked [redacted] if there were going to be program aides for these units. On September 9, 2005 [redacted] told [redacted] to meet with [redacted] to re-charter these units. [redacted] said that some of the LFL program is going to be delivered to the kids and if there is time then the scout program will be delivered to the boys. During the week of September 19, 2005 [redacted] is going to travel to [redacted] to work on the scout program there.

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Around the end of the summer of 2005, [redacted] told [redacted] that the charter partner had to be changed because of the ACLU. [redacted] told [redacted] that the ACLU told the scouts that they can no longer charter scouting units through schools; this does not include the LFL program. [redacted] told [redacted] that the in-school scouting program units will have to eventually be changed to be chartered through private organizations such as PTA's. [redacted] advised that it is possible to obtain private chartering organizations for these units. The charters for many of these units have expired. [redacted] is trying to figure out a way to re-charter these units. All the boys listed on these rosters have "dropped-off."

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[redacted] advised that the membership fees for the boys in these units are paid for by GAC. [redacted] believes that many of the boys are "special needs" children.

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[redacted] advised that the members enrolled in the scout program are what GAC is graded on by BSA. The members enrolled in the scout program are what the scout employees are graded on by their bosses. [redacted] critical achievements are measured by scout program membership and scout membership advancement. If the goals set by his bosses are not met then he would be fired.

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Continuation of FD-302 of [redacted], On 09/15/2005, Page 5

[redacted] advised that the signatures on the scout paperwork would be a good indicator of the fraud that occurred.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/27/2005

[redacted] who was previously interviewed, was interviewed at the Federal Bureau of Investigation, Birmingham, Alabama. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

[redacted] was scheduled to meet with [redacted] of Summerford Accounting on September 27, 2005. [redacted] is waiting for [redacted] to call him. [redacted] Last Name Unknown intend to come to the FBI to use the information turned over by the GREATER ALABAMA COUNCIL (GAC) of the BOY SCOUTS OF AMERICA (BSA) for their audit of GAC. Yesterday [redacted] told [redacted] that he was waiting for a phone call from an attorney. [redacted] has a meeting scheduled with [redacted] on September 28, 2005 at 3pm.

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[redacted] gave the Interviewing Agent envelopes containing membership rosters and membership cards that were mailed to [redacted]. [redacted] started these units with Jefferson County Housing Authority (JCHA), Birmingham, Alabama. [redacted] received a list of children from [redacted]. [redacted] enrolled these children as scouts. [redacted] filled out membership applications for these children and turned them into GAC. The fees that were paid to BSA for these children came from "Fund 100." [redacted] superiors at GAC, [redacted] told [redacted] that a program aide was going to be hired to deliver the scout program to these children. No program aide was hired for these units. In 2004 the units disappeared from the membership records kept at GAC. In 2004 [redacted] gave the envelopes to [redacted] because he did not need them and did not want them.

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[redacted] gave the Interviewing Agent a letter that was intended to be sent to the institution head of a scout unit that received financial assistance from GAC. The letter was intended to prevent GAC employees from creating fraudulent units. The letter was intended to be mailed from [redacted] to the institution head, signed by the institution head, and returned to [redacted]. Instead [redacted] gave the letter to [redacted] to retrieve the signature of the institution head and return to [redacted]. [redacted] believes that GAC wanted to look like they were verifying troops were legitimate while not really doing so.

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[redacted] gave the Interviewing Agent a memo from [redacted] dated May 4, 2004. [redacted] advised that the memo instructed scout employees to add 6,000 scouts as members of GAC by the end of May 2004. [redacted] advised that it is not possible to enroll 6,000 children as scouts within this time frame.

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[redacted] gave the Interviewing Agent a "Potential Scout" card. The card is filled out at GAC when a child or parent expresses interest in scouting. The card asks for the child's birthday because the child is automatically enrolled as a scout whether or not they actually chose to enroll as a scout.

[redacted] gave the Interviewing Agent a green card. [redacted] gave the card to [redacted] told [redacted] that he needed to enroll 236 cub scouts and 131 boy scouts on that day. [redacted] told [redacted] that he needed to enroll 88 children in Learning for Life (LFL) on that same day. [redacted] told [redacted] that he needed to have 38 children enrolled in [redacted] on that same day.

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[redacted] gave the Interviewing Agent a spreadsheet of units. [redacted] gave [redacted] the spreadsheet. The green rows meant that the unit was "fine." The yellow rows meant that the unit was "questionable." The red rows meant that the unit was "bogus." [redacted] advised that there were too many red rows, so [redacted] did not highlight some of the red rows in red. [redacted] told [redacted] to take the red units and start new units to "cover-up" the fact that the units were "bogus."

[redacted] gave the Interviewing Agent a program dated March 12, 2004. The program advertised that 600 inner-city youth participated in the Camp Challenge program. [redacted] heard [redacted] tell [redacted] that 60 inner-city youth actually participated in the program. [redacted] told [redacted] to stop quoting "numbers" because of the FBI investigation.

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[redacted] gave the Interviewing Agent documents regarding [redacted] believes [redacted] is extorting [redacted] [redacted] believes that in the letter from [redacted] to [redacted] dated February 5, 2004 [redacted] is forcing [redacted] to send boys to camp. The charter agreement between the troop and GAC says that [redacted] should "encourage" the boys to go to camp. [redacted] turned "encourage" into "must go."

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Continuation of FD-302 of [redacted], On 09/27/2005, Page 3

[redacted] gave the Interviewing Agent a copy of a magazine, Prospeak, dated March 2005 and a memo from BSA dated February 18, 2005. According to BSA, GAC is no longer allowed to charter units through public schools. [redacted] advised that GAC disregarded these instructions from BSA and has continued to charter units through public schools.

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[redacted] gave the Interviewing Agent a memo dated September 26, 2005. [redacted] was given this memo in an envelope. [redacted] was told to sign the memo and return it to [redacted]. [redacted] advised that he has never had to sign and return a memo at GAC.

[redacted] advised that when a new cubmaster is assigned to a troop the old cubmaster becomes a committee member for the troop. Recently GAC began to require that the old cubmaster complete a new volunteer application in order to become a committee member.

[redacted] advised that this additional paperwork is impeding his ability to register troops.

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[redacted] believes that [redacted] "dummied up" the paperwork to request funding for [redacted]. [redacted] believes this paperwork is in the file for [redacted]

The documents that [redacted] gave the Interviewing Agent have been placed in the files of the FBI.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/19/2005

An Individual in a position to testify provided the following information:

Individual advised that [REDACTED] received a letter from the GREATER ALABAMA COUNCIL (GAC) of the BOY SCOUTS OF AMERICA (BSA). The letter was possibly from [REDACTED]

[REDACTED]

Individual advised that [REDACTED] spoke to [REDACTED] about the letter. [REDACTED] just told [REDACTED]

Individual advised that [REDACTED] receiving the letter because the letter goes into [REDACTED] BSA file.

[REDACTED] arrange a meeting between his superiors at GAC, [REDACTED] and BSA regional representatives to discuss the letter.

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Individual advised that [REDACTED]
 [REDACTED] GAC, Individual is [REDACTED]

[REDACTED]

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Individual advised that GAC is trying to shutdown Woodbadge. At Woodbadge scout volunteer leaders from across the council meet. Individual advised that GAC believes that "troublemakers" come out of Woodbadge. GAC does not want scout leaders talking to each other and discussing the problems with GAC.

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Investigation on 09/18/2005 at Birmingham, Alabama (telephonically)

File # 46H-BH-51721-73 Date dictated 09/19/2005

by SA [REDACTED] NK

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/22/2005

An Individual in a position to testify provided the following information:

[REDACTED] superiors at the GREATER ALABAMA COUNCIL (GAC). [REDACTED] against these superiors at GAC.

The auditors are looking at [REDACTED]
 [REDACTED] districts. [REDACTED]
 [REDACTED] at GAC.

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[REDACTED]

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Investigation on	09/21/2005	at	Birmingham, Alabama	(telephonically)	<i>Shan</i>
File #	46H-BH-51721-74		Date dictated	09/22/2005	b6
by	SA	<i>JK</i>		SEP 22 2005	b7C
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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/11/2005

[redacted] was interviewed at the office of attorney [redacted] Birmingham, Alabama. [redacted] was present during the interview. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

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[redacted] is a volunteer with the GREATER ALABAMA COUNCIL of the BOY SCOUTS OF AMERICA. The volunteers conducted an audit of the Boy Scout membership records. He considers this audit to be "Phase I" with the audit by Summerford Accounting as "Phase II." No scout employees participated in this audit.

The volunteers examined the membership numbers for the years 2003 and 2004. The volunteers compared the actual enrollment with the council records. The volunteers recorded the source of the actual enrollment.

The volunteers used a random sample of scout troops. Some of the troops were labeled "yellow" if there was a question as to whether or not the troop was functional. Some of the troops were labeled "blue" if more research needed to be done on the troop. A committee of volunteers applied these labels to troops.

The council address file, which is a computer file, is out of date. A volunteer in the Shelby District "did not perform," so records from that district are incomplete.

Twenty-five to thirty volunteers participated in the audit.

The volunteer audit files and records are being kept by [redacted]

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[redacted] provided a District Summary Report, an Interim Progress Report, and Sample Statistics to the Interviewing Agent. These documents have been placed in the files of the FBI.

Investigation on 09/30/2005 at Birmingham, Alabama

File # 46H-BH-51721-75

Date dictated 10/11/2005

by SA [redacted] *[Signature]*

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/27/2005

An Individual in a position to testify provided the following information:

[redacted] live in [redacted]
 [redacted] telephone number [redacted] works at [redacted] donated money to the GREATER ALABAMA COUNCIL (GAC) of the BOY SCOUTS OF AMERICA (BSA), which was intended for bleachers to be built on GAC property. The bleachers were not built.

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[redacted] for the Woodbadge course. According to BSA these "books" cannot be closed because they are incomplete. [redacted] sent [redacted] the actual books, and according to [redacted] there is some income that is not accounted for.

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Individual advised that there is money coming into GAC that is not going back into the scouting program. GAC volunteers incur out of pocket expenses and "fight" with GAC to be reimbursed. GAC volunteer activities are self-supported, not supported by GAC funds.

Individual advised that GAC camp rangers have records of camp attendance. Individual spoke to [redacted]. The GAC camps are leased to outside organizations, which use the facilities. The money that these outside companies pay GAC is not listed in any reports or documentation. As long as Individual has been in scouts, the lease money for the camps has not been included in camp reports. [redacted] telephone number [redacted] attended a meeting where a woman stood up and spoke about the problems with the camp books to those in attendance.

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[redacted] for [redacted]
 There are scout units at [redacted] has received rosters for "ghost units."

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[redacted] has a list of scouts registered as part of GAC all by the name "John Doe." [redacted] sent a report for the period May 2004 to May 2005 to [redacted] which showed a change in membership numbers at GAC for that period. There was a 40% [redacted]

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SERIALIZED [initials] FILED [initials]

Investigation on 09/23/2005 at Trafford, Alabama

File # 46H-BH-51721
by SA SA

Date dictated

SEP 28 2005

FBI - BIRMINGHAM

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[redacted] 46H-BH-51721

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Continuation of FD-302 of [redacted], On 09/23/2005, Page 2

reduction in scout membership over this period. GAC's board of directors told [redacted] that the reduction in membership was due to threats from the American Civil Liberties Union (ACLU). GAC was not allowed to re-charter troops through schools. There is a "stack of paperwork" at GAC for scout units that are waiting to be funded. Individual believes these scout units are not being re-chartered because GAC is trying to "clean up the books" and not because of the ACLU. [redacted] posted this report from [redacted] on an unofficial scout website. After [redacted] posted the report.

Individual [redacted]

[redacted] Individual believes it is possible that someone at GAC sent [redacted]

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Individual believes [redacted] has obstructed justice. At a meeting of scout volunteers, [redacted] was told that [redacted] could not be informed of the FBI investigation of scouts. [redacted] later called [redacted] and told [redacted] that the FBI was investigating GAC.

Individual believes [redacted] is "dirty." [redacted] works for a [redacted] worked together on the proposed "super camp." The information concerning the "super camp" property that GAC gave to scout volunteers was different from the information on documents at the courthouse. [redacted] had a copy of the papers related to this property from the courthouse. There were discrepancies in who was the seller of the property. [redacted] "grasped" what was happening. [redacted]
Individual that [redacted]

[redacted] Individual believes [redacted] was responsible for the false information being given to scout volunteers.

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Individual has [redacted]

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[redacted] told First Name Unknown [redacted] [redacted] that he was interviewed by the FBI and that he told the truth. Individual believes executives at GAC are guilty of "Sarbanes-Oxley" for retaliating against [redacted]

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[redacted] 46H-BH-51721

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Continuation of FD-302 of [redacted], On 09/23/2005, Page 3

The District Executives (DE) at GAC have [redacted]
[redacted]

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Individual gave the Interviewing Agents a copy of [redacted]
[redacted]

These documents have been placed in the files of the FBI.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/27/2005

An Individual in a position to testify provided the following information:

[redacted] telephone number [redacted]

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The United Way money did not go to this specific unit.

Individual believes there has been some "monkey business" with the books at the GREATER ALABAMA COUNCIL (GAC) of the BOY SCOUTS OF AMERICA (BSA). Individual does not believe the [redacted]
[redacted]

Individual went to [redacted]

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 by SA SA

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 08/11/2005

[redacted] who was previously interviewed, telephoned the interviewing agent. [redacted] provided the following additional information:

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He advised that the GREATER ALABAMA COUNCIL (GAC) received money from the UNITED WAY (UW) and from Federal Grants. The UW does not base their contributions to GAC on the number of kids participating. The UW bases their contributions on a list of things including camps and board activity.

The BOY SCOUTS OF AMERICA (BSA) national office drives the importance of membership numbers to keep GAC accountable. He advised that GAC will eventually "lose." The membership numbers make GAC look better, but the level of funding stays the same.

He advised that the state grant applications for the LEARNING FOR LIFE (LFL) program did contain the number of children participating. For this program there are not volunteer leaders present in the school. The number of children in LFL was not significant. He does not think GAC received much grant money for this program. He advised that in his region the program received \$20,000 in grant money.

A \$5 registration fee had to be paid to BSA for each registered child. He advised that GAC paid the registration fees for these children in LFL. The schools that the children attended were aware of GAC activities and practices. The units re-charter application specified that the unit was LFL. There were no individual membership applications for the adults or children in LFL. On a form the number of children was listed and four teachers were listed. The money for the program went to have a GAC representative come to the school. GAC had two to four full-time employees who went into the schools for this program. He does not know of a LFL person in Birmingham, Alabama.

He advised that units were recharted in October, November, and December each year. [redacted] First Name Unknown [redacted]
[redacted] was aware of the charter for 2004.

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Investigation on 12/20/2004 at Birmingham, Alabama (telephonically)
46H
 File # 196D-BH-51721-18 Date dictated 08/11/2005
 by SA [redacted] *not*

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FBI Probe Results Key To Increased Funding For State Boy Scouts

Decaturdaily.com

December 18, 2005

BIRMINGHAM, AL -- United Way of Central Alabama board members say the organization plans to increase its 2006 contribution to the Greater Alabama Council of the Boy Scouts of America, but only if there's a "favorable resolution" of an FBI probe into Scout membership rolls.

Next year the United Way plans to match the \$940,855 it gave to the Scouts in 2005. An additional \$19,758 will stay in a United Way bank account until the investigation concludes, giving the Scouts the fifth-highest allocation. The Scouts are being investigated on allegations they padded their membership numbers to receive more money from agencies such as United Way. The Greater Alabama Council initiated an audit of the membership, which Scout leaders predict will be finished in the next few weeks, along with the FBI probe. "We have been in touch with the Scouts and we have followed this very closely," Bill Hamilton, who oversees the board's allocation committee, said. "We are in communication with their board, who are business leaders in Birmingham. When they tell us they feel it is OK, we believe that."

Randy Haines, chairman of the Greater Alabama Council of the Boy Scouts, said in an e-mail statement, "We are looking forward to a progressive 2006 and are grateful for United Way's confidence in our program. The membership audit we initiated earlier this year should be completed in January." United Way board members approved about \$30 million for 69 agencies that request approval each year or noncontractual agencies.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 01/19/2005

[redacted] work telephone number [redacted]
 cell telephone number [redacted] home address [redacted]
 [redacted] was interviewed at his
 place of employment, [redacted] Pell
 City, Alabama. After being advised of the identities of the
 interviewing agents and the nature of the interview, [redacted]
 provided the following information:

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[redacted] worked for the GREATER ALABAMA COUNCIL (GAC) of
 the BOY SCOUTS OF AMERICA (BSA) for [redacted] His
 last position was [redacted] District
 districts. He gave a [redacted] District
 executives (DE) are paid professionals that work with the
 volunteers and work on fundraisers. The district directors (DD)
 are responsible for geographic areas. [redacted]
 [redacted] is [redacted] he is the [redacted] at GAC. [redacted]
 [redacted] was unaware of an FBI investigation.

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In 1998 the three area councils consolidated to become
 GAC. [redacted] worked in Anniston, Alabama at the time. All
 control for the council moved to Birmingham, Alabama. He knew that
 if he wanted to move up in BSA that he would have to go to
 Birmingham. [redacted] and he did not want to move.
 He was told by his superiors to move up or move out. If he could
 have continued working in Anniston he would have stayed with GAC.

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GAC employees have access to unit rosters. The council
 maintains the roster. Youth and adult applications are on file at
 the GAC office. He believes the names of all members are probably
 maintained at the national BSA office. Membership information is
 [redacted] who used to work in
 Anniston, and a second woman. A courier handles any delivery of
 membership applications.

One way a youth can become a scout is for the parent to
 enroll their child at the counter at the scout shop. The parents
 pay a \$10 fee to register the child. If the DE collects
 applications through a recruitment drive the applications and money
 are placed in an envelope. The DE fills out on the envelope the
 number of applications and the amount of money inside. The DE
 inspects the applications to make sure they are signed. He advised

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that the FD has to sign-off on the registrations, possibly on the envelope.

Some DE work from their homes. They report to staff meetings at GAC, which are usually on Friday. While at GAC they turn in any paperwork and attend sales meetings, where the number of kids they need to recruit is discussed. The council staff meeting is the first Friday of the month. There is some flexibility as to when area meetings are held. [redacted] described BSA as a sales organization. The employees get people to contribute and to join. He advised that an effective adult leader has to commit more than one hour a week.

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[redacted] advised that he believed the agents were there to interview him about Scoutreach, which is a program for a certain socioeconomic group of youths. The members are underprivileged, and there is no volunteer support. These members do not have any money. The United Way (UW) focuses on supporting this type of youth. In allocation meetings the UW asks GAC how it will serve this type of youth.

[redacted] advised that a lot of pressure was placed on [redacted] which he described as a requirement of the job. [redacted] a former GAC employee in [redacted] was not doing well at meeting these goals. [redacted] finally resigned because he did not get his numbers a few times. This pressure was a factor in [redacted] GAC.

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[redacted] wants scout professionals to either move up or move out. [redacted] believes [redacted] will move up in the scouting organization. GAC is the sixth or seventh largest council in BSA. [redacted] would be regional director in Atlanta, Georgia, where he would be over ten states. [redacted] previously worked at that regional office.

[redacted] explained that recruiting kids is how BSA generates revenue. Membership fees are how local councils support the national office. The entire membership fee goes to the national office. Friends of scouting (FOS) and UW dollars support the local office. [redacted] is ultimately [redacted] FOS, accounting, and finance. Throughout [redacted] career, BSA moved towards a sales organization; he said that he raised his own salary. Fundraisers help supplement camps, program fees, patches, and supplies; kids only pay about \$165 for a week long camp.

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GAC applied for grants. They received some state grants, which were for specific programs such as Learning for Life (LFL). The grants paid for books and membership fees. LFL was an in-school program run by teachers. The money for the at-risk kids went to all areas under the council including east Alabama. The money for LFL was for Birmingham public housing and school system. He believes any federal money GAC may have received would have been tied to a specific program.

[redacted] did not do the paperwork to apply for grants in Birmingham.

[redacted] applied for the grants for the inner city of Birmingham.

[redacted] has had a [redacted] career with BSA [redacted]

[redacted] worked at the Birmingham office from [redacted] to

[redacted] He was over the [redacted]

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The membership goals were defined, precise numbers. The goals were communicated to district professionals daily in the form of faxes and e-mails. He said they were always going to make the goals, "you know what I mean." Each FD was responsible for a portion of the goal. The council showed balanced growth in each category, clubs, venture crews, etc. Membership was recorded almost daily plus at the end of the month, mid-year, and at the end of the year.

In September 2004 [redacted] did not meet his membership goal. [redacted] entered [redacted] office and closed the door to discuss in shortcoming in membership. He did not meet the goal because the district director in [redacted] fell short with his membership goal.

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He advised that there are ways to get membership through schools and the housing authority. There are no schools that did not know a troop was chartered at their school. [redacted] also believed that some schools might not remember that they chartered scouting units at their schools. When asked by the agents how accurate the membership rosters were, he advised that the Scoutreach program serves kids in neighborhoods and has existed for years.

[redacted] knows [redacted] lost his job for turning in units inappropriately. The applications were incorrectly signed because he was trying to make his goals. [redacted]

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[redacted] let him go. [redacted] told the DE's b6
at the time that some of [redacted] did not exist. b7C

Scout professionals receive a two to eight percent raise partially based on their meeting membership goals. [redacted] is not aware of a bonus that is awarded for meeting membership goals on a regular basis. Some people did get raises as large as ten percent. The evaluations rate professionals as marginal, exceptional, exceeds, or far exceeds.

[redacted] was contacted by [redacted] a concerned volunteer who is no longer involved in scouting. The volunteers do not want Camp Comer to be sold and a mega camp built in its place. Volunteers are upset and think the in-school programs are wrong.

[redacted] explained that it was an ethically approved practice to get a list of kids from a school, which had agreed to the scout program. A principal or counselor approve the kids applications and sign as parent or guardian. GAC pays the \$10 registration fee from FOS or UW funds for those kids who are economically disadvantaged. There are not adult leaders in the in-school programs, and these units do not meet weekly. Some programs provided by GAC are leadership building activities during physical education classes. The state of Alabama requires a ten minutes of a character education each day. [redacted] approved the practice of signing up these in-school units like [redacted] explained.

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A unit stays on the books for one year. During that year GAC has done something for the unit according to [redacted] Some packs do not meet at all because the leadership falls through. There are four adult leaders listed on a charter for each in-school unit. The adults are people at the school such as coaches. The council pays for their membership, and the adults agree to be on the charter.

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[redacted] believes there is a basic level of integrity with the scouts. [redacted] told the FD's that they could get the lists from schools because they needed to sign-up thousands of kids to meet the membership goals. [redacted] got lists of kids from schools and signed them up as scouts. The program aides would sign their own names for parents or guardians on the membership applications. This practice was approved by [redacted] but stopped a month or two ago. [redacted] said that a FD might need to sign-up 1,000 kids and only be able to recruit 200 to 300 kids. A FD's only option is to go to the schools to get the additional 700 to 800 kids. There was a time when he needed 1500 kids registered in

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[redacted] but only 100 signed up through recruitment. He had to get lists from schools and register those kids to meet his goals.

The membership numbers make the council look good. The same application is completed for a Scoutreach youth as is filled out for a traditional scout. The council concentrates on promoting camps to those youths in traditional troops because the in-school youths do not attend camp. [redacted] believes the Scoutreach program should go away if nothing is provided to the in-school kids by GAC. The charters are not renewed if the charters are not signed or if programs are not provided.

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The regional BSA office conducted an audit last spring. When asked by the interviewing agent if that was like the fox guarding a hen house, [redacted] replied "yes." [redacted] was told by [redacted] his boss, to get membership lists as a part of his job. [redacted] gets his direction from [redacted] expressed his uncertainty as to whether or not it was ethical to sign up the in-school units to his colleagues. On an occasion when [redacted] questioned [redacted] about getting lists from schools, [redacted] told [redacted] to show [redacted] how to do it. Sometimes every kid in a given grade at a school was registered as a scout. The kids and their parents did not have a say as to their being registered as scouts. Signing up kids from lists provided by the schools is not new to GAC; [redacted] knew this was going on when he was [redacted]

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Prior to [redacted] GAC, he had programs planned for the in-school units in his district. The school principals knew that Scoutreach was not the same as a regular troop and a scout program was at the school.

[redacted] has not seen made up names on rosters. He also does not think there are multiple units at schools. He believes the goals were more about signing up kids rather than creating units. The understanding was that if you did not meet your membership goals you should find another job. He believes [redacted] are under pressure from BSA to meet goals.

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When [redacted] He thinks [redacted] makes more than \$190,000 a year. He advised that [redacted] was concerned about [redacted] GAC and that [redacted] surrounded himself with "yes men." [redacted] spoke to [redacted] and told him that [redacted] was guarded in his conversation. [redacted] had a good relationship, but [redacted] believes [redacted] would be

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suspicious of a phone call from him. He does not think [redacted] would say anything incriminating about [redacted] because whatever [redacted] says is the way that it is.

The Scoutreach programs are represented as troops and packs just like traditional troops and packs. There are in-school cub scout packs. The Scoutreach units go on membership reports that are sent to BSA national and linked through a computer system.

At GAC the employees who handle finances are [redacted]
[redacted] handles the taxes. A local CPA audits the financial records. Other [redacted] are [redacted]
[redacted] over the mountain, and [redacted] When he left GAC, [redacted] threw away his phone lists. [redacted] called him a couple of weeks ago and told him that [redacted] was pushing to get rid of [redacted]

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[redacted] did not agree with GAC paying the membership fees for all the in-school units. There was a time when the council would accept the list from the school and a signature at the bottom in lieu of membership applications; this practice stopped one and a half to two years ago. He advised that some of the kids in these in-school units do receive a program from GAC.

GAC has experienced thirty years of membership growth. Reports kept at GAC are progress reports, district total reports, and objectives progress reports; there are several year of these reports kept on file at GAC. The finance and membership records at GAC are kept in a locked office.

Following the audit by the regional office, GAC was down in membership. [redacted] needed the membership up before he could be promoted, and everyone wanted him to move on. A friend of [redacted] on the board was going to call the chief scout executive at BSA national in Texas and report the practices that Birmingham was using to inflate membership numbers because he did not want to be blamed.

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On one occasion [redacted] told [redacted] to get a letter on school letterhead from [redacted] stating what [redacted] wanted from the scout program. [redacted] believed that he was doing this as a cover-up.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 01/24/2006

An Individual in a position to testify provided the following information:

The company auditing the GREATER ALABAMA COUNCIL (GAC) of the BOY SCOUTS OF AMERICA (BSA) has finished their audit.




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Around the middle of January 2006, [REDACTED] the day camp attendance for the year 2005 was grossly over reported for all of GAC. Individual does not know why the attendance would be overstated for day camp.

Scout volunteers are upset that surplus t-shirts from a camp in Talledega, Alabama are being sold for more than cost.

[REDACTED] is a [REDACTED] is a scout volunteer. [REDACTED] scouting problems.

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Investigation on	01/24/2006	at	Birmingham, Alabama	SEARCHED	INDEXED
File #	46H-BH-51721-82			(telephonically)	FILED
by	SA	Date dictated	JAN 27 2006		

[Handwritten signatures and initials over the bottom right corner of the form.]

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*Received 2/24/06
Released 2/24/06 (01)*

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 04/29/2005

Social Security Account Number [redacted] date of birth [redacted]
 home address [redacted]

[redacted] home phone [redacted]

cell phone [redacted] was interviewed at the FBI Birmingham, Alabama office. After being advised of the identity of the interviewing Agents and the nature of the interview, [redacted] provided the following information:

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[redacted] works for the BOY SCOUTS OF AMERICA (BSA). [redacted] started work at the GREATER ALABAMA COUNCIL (GAC) on [redacted]. Prior to that he worked at the [redacted] which was a small council, referred to as a 600 council. Birmingham is the sixth largest council in the United States. There are 300 councils in the United States. [redacted] advised that the motive when working there is to look good regionally and climb the ladder. If you know the right guy he will help pull you up the ladder. [redacted] helped [redacted] up the ladder. [redacted] advised that [redacted] is due for a promotion because he has been with GAC for [redacted] years.

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[redacted] is a [redacted] has six to eight districts under him. [redacted] is over [redacted] district.

[redacted] has not seen any financial records at GAC. In the fall of 2003, he was told to get "campership" money. This money is earmarked to pay a boy's way to camp. It costs \$85 to send a boy to Boy Scout camp. He does not know if the money raised by others went to camp, and he did not raise any money. At a staff meeting that [redacted] attended, he was told to turn checks over to [redacted] Last Name Unknown (LNU) for campership. At the staff meeting [redacted] asked how many boys were sent to camp and was told a few thousand were sent. He does not remember who said that. In 2004, [redacted] sent in \$150. [redacted] brought in some money. [redacted] worked at [redacted] direction.

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On May 25 or 26, 2004 [redacted] overheard [redacted] talking. [redacted] said "re-allocating, we can move it over and make it work." [redacted] advised that the council was short on cash at the time, but that he did not know where the shortage was. [redacted] advised that the general vibe was that the council [redacted]

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b7CInvestigation on 01/20/2005 at Birmingham, AlabamaFEB 23 2006File # 46B-BH-51721-83Date dictated 01/31/2005SA [redacted] and [redacted]
by SA [redacted]

FBI - BIRMINGHAM

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would do whatever was needed in order to get by and make things work. [redacted] advised that his superiors would just buy scout memberships.

[redacted] was a GAC employee covering the [redacted] school district. [redacted] told [redacted] that "Fund 100" was money in the GAC budget that existed to pay membership fees. [redacted] advised that this fund was severely abused. [redacted] was a [redacted]

In the [redacted] district, [redacted] were [redacted] quit working at GAC. [redacted] was a [redacted] the [redacted] district. [redacted] asked [redacted] if he was interested in the [redacted] position, which has a financial promotion of about \$5,000 a year. [redacted] felt like [redacted] was trying to buy his silence. [redacted] felt like he was eligible for the [redacted] position because his fund-raising was high.

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[redacted] felt like [redacted] was telling him to "cook the books." [redacted] told [redacted] Leeds, Alabama and start an explorer post. [redacted] told [redacted] to copy the members from the explorer post to the venturing forms and open two units. [redacted] advised that this would get him "two for one." The kids would sign up for the explorer post and the same kids would be signed up by GAC to be part of a venture crew. [redacted] told [redacted] that it was "creative membership." [redacted] told him that where he comes from that would be "called fraud." [redacted] smiled at [redacted] fraud comment and told him that it was one way to get your "numbers up." [redacted] referred to keeping a file to build a case if GAC needed to fire someone.

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On January 14, 2004 around 4:00pm, [redacted] went to [redacted] in his office at GAC. [redacted] told [redacted] that he could not believe that membership was being falsified. [redacted] asked [redacted] not to tell anyone else and that he would do his own investigation and handle it. About two days later [redacted] called a meeting with [redacted] admitted to forging the signatures of unit leaders, institution leaders, and [redacted] [redacted] confronted the scout executive about paying for memberships and was fired. [redacted] asked [redacted] what he should do about [redacted] pointed out to [redacted] that he was the boss. [redacted] was dismissed from the meeting. After the meeting [redacted] received a memo saying [redacted] [redacted] advised that someone other than [redacted] signed the memo.

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[redacted] was discussed at a staff meeting that lasted until 2:00am. [redacted] advised that [redacted] child. [redacted] does not believe that what [redacted] did was not right, but that what [redacted] did was expected of him by GAC management. A replacement for [redacted] FD position has not been named.

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[redacted] spoke to two people at the BSA national office, [redacted] and possibly [redacted] about falsified membership at GAC. These individuals told [redacted] that if he gave them the details of the falsified membership then they were obliged to do something about it right away. These individuals told [redacted] to talk to the GAC [redacted] told these individuals that [redacted] was the cause of the problems. These individuals told [redacted] to talk to [redacted] anyway, or to go to the BSA regional office.

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[redacted] contacted the BSA [redacted] about the falsified membership at GAC. [redacted] has a long history with [redacted] said to [redacted] "I don't know who you think you are." [redacted] explained that he spent six months at GAC and that he guaranteed that there was nothing wrong at GAC. [redacted] said that he had straightened out the venturing crews at GAC. [redacted] told [redacted] not to call him and make accusations against GAC. [redacted] asked [redacted] what address he should send photocopies of the falsified documents to. [redacted] advised that [redacted] was then silent in reaction to [redacted] statement. [redacted] told [redacted] that he was "on a short fuse" and that this was out of his "league." [redacted] told [redacted] that he would have someone else contact him.

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[redacted] contacted [redacted] and proceeded to speak to [redacted] several times a week. [redacted] told [redacted] that he needed to give [redacted] a chance. [redacted] believes [redacted] condoned the falsified membership at GAC. [redacted] told [redacted] that if he could not "handle the heat" then he would help [redacted] find another job. [redacted] told [redacted] that the problem would get solved. [redacted] did not record these conversations with [redacted]

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[redacted] to BSA regional office in the middle of January 2004 describing the falsified membership at GAC. [redacted] is in his personnel files at the BSA national and regional offices. In February 2004, the filing cabinets and the room that the filing cabinets were kept in were locked; they were previously unlocked. [redacted] believes this

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[redacted] although no one directly told him that they knew he [redacted] told [redacted] that he had cause to believe that membership had been falsified at GAC. [redacted] asked [redacted] why he did not come to him first, which led [redacted] to believe that [redacted] knew [redacted] had gone to someone else. [redacted] told [redacted] that he did not tell anyone at GAC about [redacted]

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Several months after [redacted] a management review and membership inventory of GAC was conducted by the BSA regional office. [redacted] believes that a review and inventory is only done when the scout executive requests it.

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[redacted] believes that GAC did this to look good for an upcoming review. The membership inventory was done internally. [redacted] classified the units as yellow, green, or red. A yellow unit was a poor quality unit but a legitimate unit. A green unit was "rock solid." A red unit was one where if you called the members no one would no anything about it. Around June 2004 GAC stopped classifying units with colors.

On his desk, [redacted] has six to eight stacks of red sheets; each sheet contains a "bogus" unit. [redacted] told the DE's and DD's that [redacted] wanted them to take the red units and figure out how to start a legitimate unit. This was so that when the regional BSA office looked at the units they would find legitimate units. The regional office would not call the previous members of a unit, only the current members, and therefore, "their suspicions would be lowered." After the management review, GAC stopped using old membership numbers and the bad units were on the "drop list."

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[redacted] advised that the procedures for adding members have increased. In the spring of 2004, when the regional BSA office came into GAC, there were changes for the better. He advised, though, that the membership goals are still unrealistic.

[redacted] advised that in October or November 2004, he spoke to [redacted] following a meeting that [redacted] had with [redacted]. [redacted] described [redacted] appearance as he left [redacted] office as "terrible." [redacted] told [redacted] that he did not know what he had done. [redacted] advised that he had 1,500 scout applications that [redacted] would not let him process because the applications did not have parent signatures.

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[redacted] advised that [redacted] talked about "pen and paper parties." [redacted] advised that [redacted] is a "company

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man." [REDACTED] advised that three scout employees used to cover the same geographical area that [REDACTED] now covers by himself. [REDACTED] does not understand how [REDACTED] was no able to recruit 4,000 kids by himself. [REDACTED] advised that [REDACTED] covered "Community A" and "Community B." In a discussion between [REDACTED] [REDACTED] said that everybody at GAC had falsified membership and that it had to be done to keep your job. [REDACTED] told [REDACTED] that everyone had not falsified membership.

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[REDACTED] [REDACTED] home address [REDACTED] [REDACTED] telephone number [REDACTED] was a GAC employee. [REDACTED] said that [REDACTED] membership was "in the tank" and that he has not raised much money. [REDACTED] believes that it is possible that [REDACTED] because of his fund-raising numbers. [REDACTED] advised that if membership goals are not met then the employee who failed to meet the goals would not receive a raise that year and have no chance at a promotion.

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[REDACTED] advised that he has been able to increase membership legitimately. [REDACTED] stood outside Wal-mart recruiting kids. He never falsified membership. [REDACTED] disagrees with the overall number of members GAC has on the books. [REDACTED] membership numbers in his district have increased every year. He advised that the membership areas do not cross geographically.

In November 2004 "projection charts" were removed from the walls at GAC. [REDACTED] heard through [REDACTED] that GAC had "somebody on the inside" who let them know "the FBI was coming." In late October 2004 or early November 2004 four computer hard drives or CPU's were replaced. The replaced computers belonged to [REDACTED] and a shared computer. The shared computer was used by the "field guys" and was located outside of [REDACTED] office. [REDACTED] said that the four computers had crashed. [REDACTED] at GAC. [REDACTED] described [REDACTED] as being "not in the loop."

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GAC set unrealistic goals for December 2004. [REDACTED] advised that to date no one at GAC had asked for 2005 projections, which are normally done in January each year.

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[REDACTED] LNU told [REDACTED] that [REDACTED] had a fund-raiser in the spring where 12,000 people attended rather than the projected 7,000 people. [REDACTED] was mad that [REDACTED] was not there to take

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photos. [REDACTED] LNU has been a scout employee for [REDACTED] and is "used to being told what to do."

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GAC is still concerned about what they look like to the regional BSA office. [REDACTED] has the potential to earn a six-figure salary wherever he works. If [REDACTED] fails then he will lose \$10,000 in earnings a year.

[REDACTED] advised that a DTR is a Detailed Total Report, which GAC is supposed to generate. There is also a Unit Group Status Report. [REDACTED] advised that fraud possibly occurs when membership jumps from zero one month to a number the next month. [REDACTED] advised that this occurs in June and November or December each year because this is "crunch time." These reports are in big blue folders in the registrar's office.

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[REDACTED] advised that five is the minimum number of boys needed for a pack. An individual could pay \$10 per member to start a unit.

[REDACTED] advised that it is now hard to "cheat" as far as the "Fund 100" goes. A letter is now mailed to the institution head, which lists the number of kids in the program but not their names. This started in late spring 2004. This is a "check and balance." [REDACTED] advised that there are now more constraints over using "Fund 100." Now, [REDACTED] and another person have to call and talk to someone associated with the troop receiving the funding.

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[REDACTED] advised around the end of 2003 he went and got the names of kids in a housing developments because that was what he "was told to do" by his superior. [REDACTED] said "that was the way everybody did it." [REDACTED] questioned [REDACTED] about whether or not the regional BSA office knew about them going to the housing developments and getting the names of kids. [REDACTED] told him that it was fine. [REDACTED] suggested he call the regional BSA office. [REDACTED] told him the he did not need to call and that he needed to "do other things." [REDACTED] advised that they "did not actually book it." Units were not started with these kids.

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[REDACTED] advised that the Boy Fact Survey Card has an option where a boy can select "yes," they are interested in scouts, or "no," they are not interested in scouts. A boy's response on the card does not matter to GAC. All the boys who complete the card are signed up as scouts. These cards were only supposed to be

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used as contact information. The cards were used to make troops and add members to existing troops. The membership fees for these boys were taken from "Fund 100."

[REDACTED] advised that the Round-up Sign In Sheet has a space for birth dates. The information on the sheets is intended to be used for "leads." The information has been used for troops and to add members to troops. [REDACTED] told his employees to register the boys on the sheets as scouts; before [REDACTED] was fired this was "rampant."

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Around July 29, 2004, [REDACTED] then a GAC employee, bragged about giving \$1,000 to his brother to give to Temple Inland Corporation (Temple). Temple then gave the money to GAC. [REDACTED] said "who's going to know." [REDACTED] knew that his bosses could not prove that he did this. [REDACTED] made his goal fund-raising and received a promotion.

[REDACTED] advised that if [REDACTED] had [REDACTED] "on the books" then [REDACTED] had this same pack "on the books." [REDACTED] advised that this pack is not registered now.

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[REDACTED] advised that it is possible that gifts to the endowment did not go to the endowment but instead went into the general operating fund.

[REDACTED] described the GAC phrase that is considered a watch word, "keep a volunteer between you and a problem." The organization is set-up so that there is a "fall guy." Volunteers have known for years that GAC was "cooking the books."

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 03/09/2006

To: Birmingham

From: Birmingham

Squad 4

Contact: SA [redacted]

Approved By: [redacted] *[initials]*

Drafted By: [redacted] jat *[initials]*

Case ID #: 46H-BH-51721-84 (Pending)

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Title: [redacted]

GREATER ALABAMA COUNCIL -
BOY SCOUTS OF AMERICA

INDEX

x
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Synopsis: To provide an update of the case status.

Details: On or about February 16, 2006 AUSA [redacted] verbally declined prosecution of the aforementioned case. To date a letter of declination has not been sent by the USAO - Northern District of Alabama due to employee absences at their office.

On March 9, 2006 AUSA [redacted] requested the case agent maintain all records obtained by Federal Grand Jury subpoena until the results of an audit by Summerford Accountancy are made available.

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In light of AUSA [redacted] verbal declination, no further investigation has been conducted in this case.

♦♦

S:\drafts\sq4\ [redacted].wpd

46H-BH-51721-84

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 05/03/2006

[redacted] was interviewed at her place of employment, [redacted], 1826 3rd Avenue South, Birmingham, Alabama 35233, telephone number [redacted]. [redacted] After being advised of the identities of the interviewing agents and the nature of the interview, [redacted] provided the following information:

[redacted] is [redacted] for HABD. [redacted]
 became [redacted] in [redacted] for the past [redacted] years. [redacted] outside agencies.

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There are seventeen public housing communities in Birmingham, Alabama. Social programs in the public housing communities include community centers, child day care, adult day care, sports activities, summer day camps, and a family self-sufficiency program.

HABD is a quasi-federal agency. HABD receives 80% of its operating budget from the United States Department of Housing and Urban Development (HUD). The remaining 20% of HABD's budget comes from rents paid by residents. Some money comes from the city of Birmingham, Alabama for a security program. In previous years HABD received additional funding from HUD in the form of a grant, the Public Housing Drug Elimination Fund (PHDEF).

Funding for outside agencies is presented to a board of five members by the [redacted] of HABD, [redacted] telephone number [redacted]. The board is appointed by the mayor of Birmingham, Alabama. [redacted] and the board approve any funds given to outside agencies. Outside agencies received funds from the HABD operating budget and from the PHDEF.

PHDEF specified that funds were to be given to the BOY SCOUTS OF AMERICA (BSA). BSA was the sole source provider for a scout program for boys. [redacted] recommended to [redacted] and the board an amount of the PHDEF to go to the BSA. [redacted] took into account all the programs to be funded by the PHDEF to determine how much went to BSA. [redacted] subtracted from the total amount of the PHDEF grant the money needed for "large ticket items" such as extra police in the public housing communities and HABD salaries. The

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b7CInvestigation on 05/03/2006 at Birmingham, Alabama

File # 46H-BH-51721-35 Date dictated _____
 by SA SA JWY

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Continuation of FD-302 of [redacted]

, On 05/03/2006 , Page 2

remaining money was divided between other programs such as BSA, the Girl Scouts, parenting programs, resident councils, and a job readiness program.

Over the years that the BSA received money from HABD, BSA received between about \$25,000 to \$50,000 a year. All money given to BSA had to be spent on boys who resided in HABD public housing. HUD mandates that all money from HABD be spent on public housing residents.

Money was budgeted by HABD for BSA. From the budgeted amount a per child amount was determined. BSA vigorously recruited boys in the public housing communities. BSA also recruited boys at the schools that the boys, who lived in public housing, attended. BSA submitted lists of boys, who joined, and parental permission slips to HABD. HABD would verify that the boys were residents of public housing and pay BSA based on the number of boys. If there was any money left over, there was a revision of the budget.

BSA had to submit invoices to HABD for any funds that they received. Part of the invoice included the number of boys, who were serviced by BSA, and their names. [redacted] submitted to [redacted] in the HABD office verified that the boys were residents. After the boys' residency was verified, payment was made to BSA. [redacted] does not recall about how many boys were submitted by BSA that were not residents of public housing.

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BSA provided regular scouting programs to the boys in public housing. Some of the boys attended camp. On one instance [redacted] Some of the boys traveled to the BSA Jamboree and competed in scout activities. The boys earned scout patches. Some of the boys made presentations to the HABD board about the scout activities. HABD had a good relationship with BSA and felt like BSA helped the boys in public housing. [redacted] mainly dealt with BSA employee, [redacted] regarding the scout program in public housing.

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BSA was receiving money from HABD before [redacted] took the position of [redacted] A few years ago, about 1999 or 2000, HABD no longer received money from PHDEF. HUD stopped sponsoring this grant because HUD did not think the money was helping to eliminate the drug problem in public housing. After money from PHDEF was no longer available, BSA possibly received money from the HABD operating budget one time.

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Continuation of FD-302 of [redacted]

, On 05/03/2006, Page 3

Any agency that received money from HABD operating funds had to go to the board and [redacted] for approval. Any agency that received PHDEF funds or HABD operating funds had to enter into a contract with HABD. In order to receive HABD operating funds, BSA had to present a proposal to the board and [redacted] at a regular meeting. The proposal was the program that the outside agency intended to provide to the low income residents of public housing and included their goals, objectives, and budget.

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HABD stopped giving money to BSA because of the problems that BSA was having and because of a lack of funding. [redacted] advised that the problems that BSA was having were the kind that the FBI is investigating.

Since BSA stopped receiving funding from HABD, [redacted] advised there may possibly still be boy scout activities in the public housing communities. [redacted] advised that BSA may receive funding in the future from HABD, but that would be partly dependent upon the outcome of the FBI investigation. If HABD did have another contract with HABD in the future, [redacted] advised there would be "more stringent guidelines."

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Documents at HABD are destroyed after five years. Any request for documents should be made to [redacted]. The names of the five board members can be obtained from [redacted]

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 05/04/2006

[redacted] was interviewed at his place of employment, Jefferson County Courthouse, Suite 810, 716 21st Street North, Birmingham, Alabama, telephone number [redacted]. Also present during the interview was [redacted] an employee of the Jefferson County, Alabama finance department. After being advised of the identities of the interviewing agents and the nature of the interview, [redacted] provided the following information:

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[redacted] is [redacted] for Jefferson County, Alabama. He has worked for Jefferson County since [redacted]. The process and procedures for non-departmental grants has changed over the years. The Jefferson County finance department has records going back to about the late 1980's.

From at least 1989 to about the early 1990's, the Jefferson County Commission (JCC) would set aside a small amount of money for non-departmental grants. At budget time the commissioners would listen to requests from agencies and set aside money for projects. About \$3 million a year was budgeted for non-departmental grants. Major projects, such as the Birmingham, Alabama public library, which received about \$1 million a year, and the Jefferson, Blount, and Saint Clair counties mental health programs, received budgeted funds from the JCC. Some emergency funds were distributed by the JCC, which were not included in the budget, for things such as pipes bursting or an attendee to the Macy's Day Parade.

In the early 1990's the JCC changed the procedure because it was too cumbersome to deal with special emergencies. The JCC set aside emergency funds in the budget. The process then became that money was set aside for each commissioner for direct expenditures to be made. The entire JCC had to approve all expenditures. For all non-departmental grants, there was a contract between the agency and the JCC.

The description of the funds allocated for each commissioner to distribute to non-departmental agencies was changed from discretionary funds to district funds. The change in terminology was made following a period of review due to questionable activities in the current JCC.

Investigation on 05/04/2006 at Birmingham, AlabamaFile # 46H-BH-51721-86 X Date dictated _____
by SA SA JWb6
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Continuation of FD-302 of [redacted]

, On 05/04/2006, Page 2

In 2005 the JCC set aside \$5 million for a regional cultural alliance. There was a contract between the JCC and the cultural alliance. This money was distributed to agencies such as the ballet, the symphony, and museums.

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[redacted] showed the Interviewing Agents a report from March 2001 to the present, which listed amounts paid to the BOY SCOUTS OF AMERICA (BSA). The report included a brief description of each distribution of funds from the JCC to BSA and the commissioner who requested the funding. BSA was given money by the JCC about nineteen times during this period, and distributions ranged from \$500 to \$15,000. During this period, BSA only received funds from commissioners' district funds; BSA did not receive any money from the annual JCC budget.

There was a process by which all non-departmental agencies, including BSA, received funds from commissioner district funds. The commissioner would call [redacted] and let [redacted] know that the commissioner wanted "x dollars" to go to an entity. [redacted] would then begin putting together a contract between JCC and the entity to receive the funds. A draft contract was reviewed by [redacted] and an attorney. The contract included the details of what the money was for. One commissioner initiated the contract, and all the commissioners voted on the contract. A memorandum was also prepared on behalf of the commissioner making the request to distribute district funds.

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There was nothing unusual about the contracts with BSA. There was nothing unusual about the amounts of money that BSA received from the JCC. [redacted] did not recall any requests for funding for BSA that were not approved. [redacted] did not have contact with anyone at BSA through the JCC funding process.

[redacted] son is an Eagle Scout. [redacted] possibly called individuals at BSA if something was missing from the request for funding; otherwise the commissioner who requested the funds would contact BSA to make any corrections. The individual commissioner possibly had more contact with representatives of BSA.

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[redacted] did not recall seeing any funds for BSA that were tied to membership numbers. [redacted] advised that specific information about distributions to BSA is available in files that he showed the Interviewing Agents. [redacted] showed the Interviewing Agents an example, which was a request for \$5,000 to go to BSA from [redacted] district funds.

46H-BH-51721

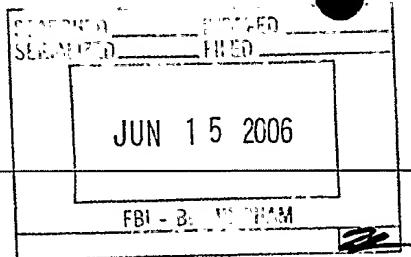
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Continuation of FD-302 of [redacted]

, On 05/04/2006, Page 3

The necessary criteria to be approved for funding by the JCC was that the non-departmental agency had to be a 501(c)(3) and have a non-profit purpose. On some occasions the non-departmental agency had to provide copies of their financials, articles of incorporation, and bylaws. BSA had to provide an IRS form 990. An organization that received funds from the JCC annual budget had to provide more detailed information about their program.

Organizations that provided a service to the county, similar to a service provided by the county, received funds as part of the JCC annual budget. BSA was not this type of organization. Examples of this type of organization are Birmingham Aids Outreach, which provides shelter, Jefferson, Blount, and Saint Clair counties mental health, which receives money also through the family court, and the hospital at the University of Alabama at Birmingham, which provides services that Cooper Green Hospital cannot.

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June 4, 2006

Scouting Group Inflated Roster, Inquiry Shows

By THE ASSOCIATED PRESS

BIRMINGHAM, Ala., June 3 (AP) — An internal audit revealed on Friday that the rolls of an Alabama Boy Scout group under F.B.I. review were inflated by more than 13,000 memberships over three years.

The group, the Greater Alabama Council, which serves much of central and northern Alabama, said nearly all of the questionable memberships were linked to a program that was supposed to serve disadvantaged city children.

The council issued a statement announcing "corrective actions," including the retirement of its chief, Ronnie Holmes, and periodic audits by someone outside its staff.

The Federal Bureau of Investigation began reviewing the council's records in late 2004 after questions were raised about its rolls and "ghost" youths created to increase the size of the organization. The council also began an investigation.

Critics have said that larger membership rosters might lead to additional financing from donors and to greater career opportunities for scouting officials. The United Way gave the council almost \$1 million in 2005.

No charges have been filed.

John Hayden, the chairman of the council's board, said auditors did not determine whether the problems were accidental or deliberate.

Any problems are unacceptable, Mr. Hayden said, adding: "We're the Boy Scouts of America. "We've got to do everything right."

The audit found several thousand questionable registrations each year from 2002 through 2004, according to a statement from the Scouts. Most of those involved a program that waives a \$10 fee to help youths from low-income homes.

The worst year was 2002, when 5,619 applications were found lacking basic information, representing 13 percent of the membership in the council's traditional scouting programs that year.

Tom Willis, a dentist and scouting volunteer who went public with claims of inflated membership, has said that

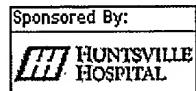
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http://www.nytimes.com/2006/06/04/us/04scouts.html?_r=1&pagewanted=print&oref=slogin 6/6/2006

Boy Scout employees would often add fictitious children to rosters under pressure from headquarters of the council, which oversees programs in 22 counties.

In one case, Mr. Willis said, he found about 20 children in a school-based group who had the last name Doe.

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The Birmingham News

Scouting audit indicates rolls vastly inflated; top exec quits

13,000 phantom members identified

Saturday, June 03, 2006

KELLI HEWETT TAYLOR
News staff writer

Membership in the Greater Alabama Council of the Boy Scouts of America was inflated by more than 13,000 youths over three years, according to details from an audit made public Friday.

The departure of the council's top paid executive, Ronnie Holmes, also was announced Friday. Efforts to reach Holmes were unsuccessful.

John Hayden, the 2006 board chairman of the Greater Alabama Council, would not discuss details of Holmes' departure.

The council, which serves much of central and north Alabama, said nearly all the questionable memberships were linked to a program that is supposed to serve inner-city youth. The council's executive committee approved the audit Thursday night.

Hayden said the audit was given to both the U.S. attorney's office and the FBI. Efforts Friday to reach FBI agents in Birmingham who are conducting a separate membership investigation were unsuccessful.

That probe began in December 2004 amid allegations that high-ranking Scout officials were padding enrollment numbers to boost government and grant funding.

The Scouting organization's highlights of the audit showed most problems were with inner-city membership forms, involving incorrect birth dates and lack of addresses or parental signatures.

"Our report did not find any cause for criminal misconduct," Hayden said.

A Scouting news release also says the report, covering the years 2002 to 2005, shows the Scouts had accurately adjusted their membership rolls to 21,000 by December 2005.

"We have to continue a lot of internal investigations, but we are already setting up systematic, periodic spot-checks to look for things that may be a little unusual," said Hayden. "We are just happy we can find a way to deal with the issue."

Hayden said the report was not sufficiently detailed to determine whether entire "ghost units" had been fabricated, but said the council will continue investigating.

The audit of the membership forms was conducted by Summerford accounting firm in Birmingham. Findings show:

In December 2002, 5,619 Scouts, 13 percent, were not verified.

In December 2003, 4,265 Scouts, 11 percent, were not verified.

460H-BH - 51721 *[Signature]*

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 15 2006	
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In December 2004, 3,518 Scouts, 11 percent, were not verified.

Hayden, of Huntsville, serves in a volunteer position for the Greater Alabama Council, which serves 22 counties, including Jefferson and Shelby. The 2006 executive members and other representatives met Thursday night and are instituting the new procedures to build public confidence. Along with the spot-checks, the procedures include stricter monitoring of enrollment forms.

E-mail: ktaylor@bhamnews.com

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[redacted]
Federal Bureau of Investigation
1000 18th Street North
Firmingham, Alabama 35203

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OF COUNSEL
L. DREW REDDEN

May 19, 2006

Federal Bureau of Investigation
1000 18th Street North
Birmingham, Alabama 35203

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Re: Greater Alabama Council, Boy Scouts of America

Dear [redacted]

As we discussed, our firm has received from Summerford Accountancy, P.C., a report dated May 18, 2006. This is a privileged and confidential report to our law firm as attorneys for the Executive Committee of the Greater Alabama Council. This is a privileged and confidential report to our firm to be used and distributed with these privileges in mind. By forwarding to your office and the U.S. Attorney copies of portions or all of the report we are not waiving any privileges on our client's behalf. Further, this report is not to be distributed to anyone other than your office and the U.S. Attorney without our prior written agreement. Also, as we discussed this report is not to be reported to any person's inquiring as to the status of the report or the contents of it, including any media. In the event a determination is made to release the report to the public or others then we will let you know immediately. At the meeting last night copies were distributed and reviewed. Each copy was numbered and each copy was returned to me.

Thank you for your cooperation in this matter. As we also discussed I am forwarding a copy of this document to [redacted] Assistant U.S. Attorney, with a copy of the same portions of the report going to him that have been forwarded to you.

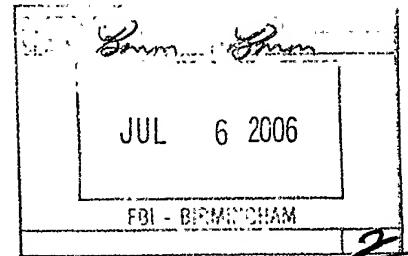
Also, as we discussed we will meet with [redacted] when he returns next week to discuss any remaining portions of the report. Those pages which I have included are as follows:

1. Cover sheet.
2. Cover letter dated May 18, 2006.
3. Pages 23, 24, 25, and 26.

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Very truly yours,

[redacted]



SWS/lan
Enclosure
cc: [redacted]

46H-BH-51721 jat

PRIVILEGED AND CONFIDENTIAL

REPORT TO:

Redden, Mills & Clark

**Review of Membership
Greater Alabama Council, Boy Scouts of America**

PREPARED BY:

Summerford Accountancy, PC

May 18, 2006



PRIVILEGED AND CONFIDENTIAL

May 18, 2006

[redacted]
Redden, Mills & Clark
940 Financial Center
505 20th Street North
Birmingham, AL 35203

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RE: Greater Alabama Council, Boy Scouts of America, Membership Review

Dear [redacted]

Attached is a copy of our report in the above referenced matter.

Yours truly,

SUMMERFORD ACCOUNTANCY, PC

[redacted]

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Attachment

termination due to allegations of falsification of membership records. This information does not impact on the membership counts considered in this report.

Review of membership files

Both traditional and LFL files for 2002 – 2004 were reviewed for compliance with applicable BSA enrollment policies. These files are currently in FBI custody. In our review of the membership files for the 238 unit numbers targeted due to statistical analysis and interviews, we tracked membership through the unit's history. This was accomplished by:

- reviewing membership applications,
- reviewing renewal documents,
- determining whether membership fees were paid, and through what source the fees were paid (we focused on whether assistance or grant funds were used, as well as on who applied for or approved the use of assistance or grant funds),
- determining which GAC employees reviewed and approved the applications or renewals,
- determining who ultimately registered the units, and
- determining whether there was compliance with registration policies, procedures and safeguards.

We found applications lacking parent or guardian signatures. Virtually all of these applications were for individuals reported as members of assisted units. Other

applications contained signatures or initials of scoutmasters, chartering organization representatives or paid Scouting program aides instead of parent or guardian signatures.

A very few rechartering rosters included altered birthdates (the birthdates were altered to years which would allow the individuals to be registered). We also observed rechartering rosters (recharters do not require a new application to be prepared by or on behalf of the member) where the membership of all scouts who had not aged out of the program was renewed. We could not verify whether individuals continued to participate or not. If no properly completed membership application was ever submitted, through the recharter process an improperly registered individual can continue to be counted as a scout for as long as membership fees are paid on his behalf.

We did not include special education units or units comprised of wards of the state in our examination.²⁰ Applications and membership rosters for these individuals lack correct surnames for privacy purposes. A determination of whether to report correct surnames is left to the discretion of the charter partner.

Our review of membership files determined there were 5,619 members²¹ reported at December 31, 2002 whose registration did not comply with written BSA policies, typically due to incomplete applications. Membership applications for these individuals

²⁰ The interview process revealed one area in particular where there appears to be an exception to the strict application of BSA policies. Mentally challenged individuals can continue to be members of scouts regardless of their ages. Scouting programs continue to be presented to special education students even though BSA policy requires that schools and government units no longer be chartering organizations.

²¹ As mentioned previously in this report, [REDACTED]

lacked some or all required information (for example, signatures or birthdates). The 5,619 non-compliant registrations represent 12.8% of total traditional membership of 43,802 reported at December 31, 2002. Our review determined there were 4,265 non-compliant registrations (as before, typically due to incomplete applications) at December 31, 2003 (10.7% of 40,031 reported traditional members), and 3,518 non-compliant registrations at December 31, 2004 (10.7% of 32,987 reported traditional members). We do not offer any opinion as to the existence, extent or quality of programs provided to these individuals. Virtually all of these individuals were in assisted units.

Learning for Life/Exploring prior to 2005

There are no means of tracking individual membership in LFL. Consequently, we did not attempt to verify reported LFL membership for years prior to 2005. LFL membership at December 31, 2005 was reported as 27,127, while at December 31, 2004 it was reported to be 14,702. Total LFL/Exploring membership at those dates were 27,539 and 15,360, respectively. Through employee interviews we learned that GAC's LFL membership was undercounted by approximately 4,000 members at December 31, 2004. GAC did not report these LFL members to BSA during 2004. Because all LFL memberships expire on September 30 of each year, the undercount in 2004 did not contribute to the large increase in reported LFL membership in 2005. All of the 27,127 LFL members reported at December 31, 2005 had been enrolled during the months of October – December, 2005.

Conclusions

1. Our review revealed a lack of compliance with BSA membership procedures for enrolling traditional scouts in years prior to 2005. This lack of compliance resulted in membership counts for 2002 - 2004 that included traditional scouts who were not properly registered. The inclusion of these traditional scouts in membership reports did not appear to directly result from any attempt to improperly solicit funds. Instead, any non compliant registration of traditional scouts appears to be related to pressure or perceived pressure to meet membership and membership growth targets.
2. GAC's strict compliance with BSA's registration policies in 2005, along with our testing that compliance, leads us to conclude that the reported count of traditional scouts at December 31, 2005 is substantially correct.
3. LFL membership counts are based solely on GAC's assertion of the number of individuals served. Reported LFL membership is not subject to the registration requirements applying to reported traditional scout membership. Accordingly, we were unable to analyze LFL membership to the extent we examined traditional scout membership.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 06/13/2006

An individual in a position to testify provided the following information:

[redacted] a charter organization representative for the BOY SCOUTS OF AMERICA (BSA), e-mailed the United States Attorney in Birmingham, Alabama about BSA. [redacted] e-mail was passed onto an Assistant United States Attorney.

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The Board of Directors for the GREATER ALABAMA COUNCIL (GAC) of BSA put the best spin possible on the recent audit findings. Public statements about the audit made by the board are misleading. The statements make it look like volunteers did not know how to fill out BSA forms.

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[redacted] have both left GAC. [redacted]

[redacted] from the regional BSA office is temporarily replacing [redacted]

According to [redacted] anyone who challenges the validity of the GAC audit can expect to be sued for slander by [redacted] Any communication with the press concerning BSA will result in members of the United States Congress "pouncing" on the information to negatively affect BSA.

Most of GAC's budget goes to fund-raising. The United Way stipulates that when an agency receives funds, then no more than twenty-five percent of that agency's budget can go to fund-raising.

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CLL *Smm*

JUL 15 2006

FBI - BIRMINGHAM

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Investigation on 06/12/2006 at Birmingham, Alabama (telephonically)

File # [redacted] 46H-BH-51721 -90 Date dictated _____

by SA [redacted]

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 06/14/2006

An individual in a position to testify provided the following information:

About three weeks prior to the release of the audit of the GREATER ALABAMA COUNCIL (GAC) of the BOY SCOUTS OF AMERICA (BSA), [redacted] was talking about [redacted]

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[redacted] has an audiotape of [redacted] making an attempt to bribe him. [redacted] did not take a bribe from [redacted]

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The auditors interviewed former GAC employees, [redacted] works at the [redacted]

A number of interviews conducted during the audit were extremely damaging for [redacted]

GAC overstated the number of members in GAC on their application to the United Way and also on their website.

[redacted] a BSA volunteer, was told that money was allocated for one scout from his area to go to the BSA Jamboree. GAC executives appeared to not want to send any of the youths in [redacted] area to Jamboree. [redacted] insisted on sending three scouts to Jamboree.

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Investigation on 06/13/2006 at Birmingham, Alabama (telephonically)

File # 46H-BH-51721 -91 Date dictated _____

by SA [redacted]

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 06/21/2006

INDIVIDUAL, who is not in position to testify, provided the following information:

[redacted] has pertinent information concerning a investigation into an alleged fraud at the Boys Scouts of America in Birmingham, Alabama. INDIVIDUAL believes that [redacted] probably cannot volunteer any information because of his professional position, but [redacted] would honestly answer any question asked of him concerning the Boys Scouts of America.

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mB**FIG**

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FBI - BIRMINGHAM	

Investigation on 06/21/2006 at Birmingham, Alabama

File # [redacted] 746H-BH-51721-92 Date dictated _____
 by SA SA

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This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/02/2006

An Individual in a position to testify provided the following information:

The national office for the Boy Scouts of America provides a book to local councils with salary guidelines for scout executives. This book explains how councils are evaluated. The book gives a range of salaries for each "class" of council. Councils are placed into a class based on their merits. The book just provides guidelines, and individual councils ultimately determine scout executives' salaries.

In the Greater Alabama Council, [REDACTED] has a copy of this book. [REDACTED] is a scout volunteer, who lives in [REDACTED] [REDACTED] is [REDACTED] for the council. When determining the new scout executive's salary, [REDACTED] conducted a survey of local charitable organizations. [REDACTED] concluded that the top scout executive in the area was paid more than the executives of the other local charities.

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FIG

OCT 4 2006

Investigation on 10/02/2006 at Birmingham, Alabama (telephonically)File # 46H-BH-51721-93 Date dictated _____by SA [REDACTED]b6
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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 10/10/2006

To: Washington Field

From: Birmingham

Squad 4

Contact: SA [redacted]

Approved By: [redacted] 2

Drafted By: [redacted] jat/jb

✓Case ID #: 46H-BH-51721 (Pending) - 94

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Title: [redacted]

GREATER ALABAMA COUNCIL OF
THE BOY SCOUTS OF AMERICA;
GF

INDEX



GRAND JURY MATERIAL - DISSEMINATE PURSUANT TO RULE 6(e)

Synopsis: To set a lead to the Washington Field Office to interview [redacted]

Details: Birmingham Division is conducting an investigation into the Greater Alabama Council (GAC) of the Boy Scouts of America and their activity to receive grants. Allegations were made that GAC, at the direction of [redacted] and [redacted] inflated membership numbers. Independent auditors determined that membership was inflated between 10.7% and 12.8% for the period December 31, 2002 to December 31, 2004.

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Birmingham Division is investigating the grant applications submitted by GAC to determine if granting agencies were possibly victims of fraud. [redacted]

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Birmingham Division requests that Washington Field Office interview [redacted]. The following information should be determined:

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S:\dcl\sa4\ [redacted]

204:jrt-6-11-01

46H-BH-51721-94

To: Washington Field From: Birmingham
Re: 46H-BH-51721, 10/10/2006

How much the NRA Foundation awards in grants each year, including 2003 and 2004.

Who are recipients of the grants.

What information is submitted in requesting a grant.

Who at the NRA Foundation determines the recipients of grants.

What information NRA Foundation uses to award grants.

Criteria for choosing grant recipients.

How much GAC received in grants from 2002 to present.

The significance in GAC's enrollment on the awarding of the grant.

How many scouts the NRA Foundation expected to be served by the grants.

If a 10-12% difference in actual enrollment would have led to GAC not receiving the grants.

If GAC would have received less grant money if there were actually 10-12% fewer scouts.

What GAC was supposed to use the grant money for.

Who at GAC the NRA Foundation communicated with.

If any follow-up paperwork was required to be submitted by GAC after receiving grant money.

If possible, obtain any paperwork related to grant applications submitted by GAC and correspondence between GAC and the NRA Foundation.

To: Washington Field From: Birmingham
Re: 46H-BH-51721, 10/10/2006

LEAD(s):

Set Lead 1: (Action)

WASHINGTON FIELD

AT FAIRFAX, VIRGINIA

Birmingham Division requests that [redacted]
[redacted] 11250 Waples Mill Road, Fairfax, Virginia
22030, telephone number (800) 423-6894, be interviewed. At one
time [redacted] was [redacted]

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/20/2006

An Individual in a position to testify provided the following information:

Individual sent an e-mail advising [redacted]
[redacted]

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This e-mail has been place in the files of the FBI.

(1) JMK

SEARCHED	INDEXED
SERIALIZED	FILED
OCT 20 2006	
FBI - BIRMINGHAM	

FIG

Investigation on 10/10/2006 at Birmingham, Alabama

File # 16H-BH-51721-95 Date dictated

by SA [redacted]

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/25/2006

[redacted] who was previously interviewed, was interviewed at the Birmingham, Alabama City Hall. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

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[redacted] gave the interviewing agent a copy of the request made to the City of Birmingham by the Boy Scouts of America for funds. This document has been placed in the files of the FBI.

Investigation on 10/25/2006 at Birmingham, AlabamaFile # 46H-BH-51721

Date dictated _____

by SA [redacted]b6
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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/24/2006

[redacted] for the City of Birmingham, Alabama, work telephone number [redacted] was interviewed. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

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In 2004 [redacted] made a request to the City of Birmingham for \$25,000 for the Boy Scouts of America. The request was made during the city's budget process. As normal course of business, the request would have been reviewed by the mayor and his staff. A lesser amount of \$17,500 was then recommended as part of the city budget for the Boy Scouts of America. The amount of \$17,500 was possibly a standard amount allocated as part of the city budget for the Boy Scouts of America. A public hearing would then have been held for the entire budget.

As a normal course of business, once the budget was approved a resolution would have been prepared. Then a contract would have been made between the city and the Boy Scouts of America. Then a purchase order would have been issued by the city, and the Boy Scouts of America would have invoiced the city for their check.

However, according to city records, the Boy Scouts of America did not receive the money, the \$17,500, appropriated to them. Records show that two purchase orders were written by the city for appropriations to the Boy Scouts of America, one in 2004 for \$17,500 and one in 2006 for \$17,500. No money was paid out to the Boy Scouts of America for these purchase orders.

In August 2004 the city sent two checks to the Boy Scouts of America, one for \$6,250 and one for \$5,000. Previously there were two smaller checks sent to the Boy Scouts of America for about \$600.

[redacted] is not sure why the Boy Scouts of America did not receive any money from the two purchase orders for \$17,500. [redacted] is not sure if there was a problem with Boy Scouts of America or if Boy Scouts of America just never invoiced the city for the funds. [redacted] in the Mayor's Office and [redacted]

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Investigation on 10/20/2006 at Birmingham, Alabama (telephonically)

File # 46H-BH-51721 -97 Date dictated _____

by SA [redacted] [Signature] b6
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46H-BH-51721

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Continuation of FD-302 of [redacted], On 10/20/2006, Page 2

in Internal Audits may have more information about the appropriations to the Boy Scouts of America.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/02/2006

[redacted] telephone number [redacted] was interviewed. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

[redacted] is the [redacted] for the GREATER ALABAMA COUNCIL (GAC) of the Boy Scouts of America (BSA). In 1998 the GAC was formed when three BSA councils from Birmingham, Alabama, Huntsville, Alabama, and Anniston, Alabama merged. Before the merger [redacted] was [redacted] and [redacted] was [redacted] [redacted] became [redacted] for GAC. The new council covered twenty-two counties and because of the size was a "number three" council by BSA standards. BSA "grades" councils by their size.

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[redacted] [redacted] was not sure if [redacted] salary increased; [redacted] salary possibly increased because he was now [redacted] for a larger council. When [redacted] retired, [redacted] was hired as [redacted]

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To find a new SE, the GAC worked with the regional BSA office in Atlanta, Georgia. The regional office helps the local council find the right SE for the council. To determine the salary for the new SE, several factors are considered. BSA recommends a range for the SE, which is \$180,000 to \$230,000. The council also factors in the number of years of service to BSA and what the individual's current salary is with BSA. The council ultimately sets their own salary for the SE based on what they think the job is worth. When hired the SE's salary can be no more than 15% greater than the SE's previous salary. Since councils are competing with other councils at the same time for the best candidate for the job of SE, the salary must be competitive. When the SE is hired, the SE must commit to work for the council for three to four years.

[redacted] salary when he retired was \$220,000 a year. [redacted] did not receive a raise the last three years that he worked for GAC. Salary increases to SE's are determined by the council using an objective system. Salary increases are based upon the scheduled achievements of money raised from Friends of Scouting, membership retainment, and low turnover among employees. Usually

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Investigation on 11/02/06 at Birmingham, Alabama (telephonically)

File # 46H-BH-51721-98 Date dictated _____

by SA [redacted] [initials]

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46H-BH-51721

Continuation of FD-302 of [redacted]

, On 11/02/06, Page 2

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the SE receives an annual salary increase of between three and four percent. An SE can receive a salary increase of five to ten percent for exceptional performance.

[redacted] was hired to replace [redacted]
starting salary was [redacted] GAC chose to make [redacted] salary
[redacted] less than [redacted] salary to make room to give [redacted] a pay
raise at the beginning of the year if he performs well. [redacted]
thinks that [redacted] has done well and will probably receive the pay
raise.

[redacted] telephone number [redacted] is [redacted]
[redacted] for BSA in Atlanta. [redacted] has more information on SE's
salaries.

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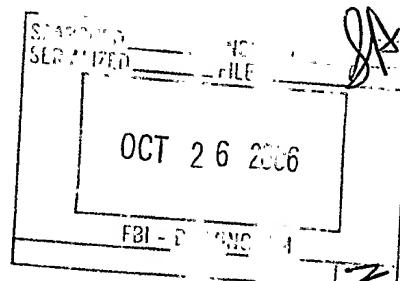
- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/25/2006

An individual in a position to testify provided the following information:

Individual provided by e-mail the contact information for [redacted] telephone number [redacted] e-mail address [redacted]
[redacted]

b6
b7CInvestigation on 10/25/2006 at Birmingham, Alabama (telephonically)File # 16H-BH-51721-102 Date dictated _____by SA [redacted]b6
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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/07/2006

Computer Analysis Response Team (CART)
Report of Examination

Included herein are the results of a digital forensic examination performed by a FBI CART Certified Forensic Examiner. This examination has been performed in accordance with CART policies and procedures.

Case Reference: 46B-BH-51721, FBI

Summary:

After consulting with Case Agent Special Agent [redacted] [redacted] it was determined that a CART examination will not be needed at this time. The evidence was never checked out of the Evidence Control Room by CART.

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Enclosure Count (1)

Investigation on 11/07/2006 at Birmingham, AL

File # 46B-BH-51721-103

Date dictated 11/07/2006

by [redacted]

Plw

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Computer Analysis Response Team

File Number: 46B-BH-51721

Specimens: Unknown

Case Agent: SA [redacted]

Title: [redacted] BOY SCOUTS OF

AMERICA

Examiner: FE [redacted]

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Date	Q/K	Initials	Notes
11/20/05		WJ	After consulting with Case Agent [redacted] it was determined that a CART examination will not be needed at this time due to the decision to proceed on the case by the US Attorney's Office. No evidence was checked out from the Evidence Control Room by CART.
END OF EXAMINATION			



Everything Alabama

The Birmingham News

Jeffco correcting statement errors

\$11.7 billion in net assets one of 'numerous' mistakes

Sunday, October 08, 2006

BARNETT WRIGHT
News staff writer

Jefferson County is scrambling to meet a Friday deadline to fix errors in its 2005 financial statements or face an adverse opinion from state examiners, which could lower the county's bond rating and make it harder and more expensive to borrow money.

Steve Sayler, county finance director, said some corrections have been made to the documents but more changes are needed to meet the deadline.

Examiners said they found "numerous" problems in the statements. For example, some numbers that should be the same on more than one statement are different, including:

\$11.7 billion in the total net assets of governmental activities on one financial statement. On another statement, that number is \$320 million. The net assets are what belong to a government after all liabilities and obligations have been met. Those assets include land, infrastructure and buildings.

\$1.7 million in the total net assets for the county nursing home on one statement. On another statement that number is \$10.1 million.

\$2.5 million in the enterprise fund on one financial statement. On another statement, that number is \$23.2 million.

Those changes will be made when the corrected financial documents are sent to the state this week, Sayler said.

He was not aware of the specific errors in the financial statements until they were pointed out by The Birmingham News, he said.

Most of the problems are mathematical, Sayler said. "I would agree the numbers are not correct. The next draft, the numbers will be more accurate."

Sayler said state examiners sent a letter dated Sept. 19 outlining problems, but they were not specific.

"When a letter is sent that does not specify the problem, you have to guess," Sayler said.

The News reported this month that the Alabama Department of Examiners of Public Accounts mailed a letter to Commission President Larry Langford outlining problems in the financial statements.

Sayler said Banks, Finley, White and Co., a Birmingham accounting firm, assisted the county in preparing the financial statements. He said the county paid the company \$250,000 for its help with the documents.

"The numbers are there," Sayler said. "It's the process of taking numbers from the detailed record and

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10/10/06 ASAC [redacted]

<http://www.al.com/printer/printer.ssf?/base/news/1160299798216300.xml&coll=2>

10/10/2006

combining them into a final finished product. They didn't round a number off to the thousands. They're sorry. I'm sorry. We're all sorry."

The state said the financial statement issues were first discussed with Jeff White at Banks, Finley on May 2.

Efforts to reach White by telephone Thursday and Friday and at his office Friday were unsuccessful.

Michael Scroggins, director of the county audit division for the Alabama Department of Examiners of Public Accounts, said he expects the county to correct the errors by the deadline.

"There is a term called 'due professional care,'" Scroggins said, "and that means you use extreme care in preparing those financial statements."

Richard Houston, professor of accounting in the College of Commerce and Business Administration at the University of Alabama, said the various errors could be a sign of internal control problems in the county finance department.

The county could have trouble issuing bonds, if it needed to, without clean financial statements, Houston said.

"It is uncertain enough investing in companies whose financial statements are correct," Houston said.
"Think of the amount of uncertainty added by a company whose financial statements have problems.

"Would you do business with a company that can't even get its financial statements right?"

E-mail: bwright@bhamnews.com

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/06/2006

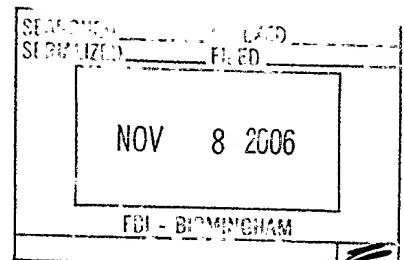
An individual in a position to testify provided the following information:

[REDACTED] home telephone [REDACTED] work telephone
 [REDACTED]
 [REDACTED] Individual [REDACTED] said
 that [REDACTED]

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[REDACTED] is the [REDACTED]
 said that he is open to cooperating in investigations into BSA.

[REDACTED] (phonetic), and
 about four other individuals were on a selection committee for the new SE.


**FIG**

Investigation on 11/06/2006 at Birmingham, Alabama (telephonically)

File # 6H-BH-51721 -105 Date dictated

by SA [REDACTED]

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/29/2006

[redacted] was interviewed at her place of employment, NATIONAL RIFLE ASSOCIATION (NRA), 11250 Waples Mill Road, Fairfax, Virginia. [redacted] was also present during the interview. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

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[redacted] for the NRA Foundation, which supports a variety of youth programs, firearms range development and improvement, training, education, safety, and wildlife and natural resource conservation through the Grant Program. The program is funded by State Fund Committees, which are volunteer based committees that hold fund raising events.

The NRA Foundation awards approximately 2000 grants per year totaling \$11 million. 60% of the grants go to youth programs, while the remainder go to adult safety, range development, and wildlife conservation.

Many items must be submitted with an application for a grant, including, but not limited to the details regarding the project and the applying organization's bi-laws, board of directors, budget and earnings. The application ranges from 2-3 pages with 20-25 pages of supporting documentation. The organization must also sign a consideration agreement stating that everything submitted is complete and accurate. If information in an application, that is awarded a grant, is found to be inaccurate then the NRA Office of General Counsel would take appropriate civil action. An after action report, stating what the money was used for, must be submitted with receipts for each grant awarded. Organizations that do not submit after action reports for awarded grants are not in compliance with NRA Foundation policy and will be ineligible for future grants.

The State Fund Committees make recommendations to the NRA Grant Office on which applications from their state should receive grants for partial or full funding. The NRA Grant Office can approve grants up to \$15,000; otherwise, the grants must be approved by the NRA Board of Directors.

Investigation on 11/29/2006 at Fairfax, Virginia

File # 46H-BH-51721-106

SA [redacted]
by SA [redacted]

Date dictated 11/29/2006

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46H-BH-51721

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Continuation of FD-302 of [redacted]

, On 11/29/2006 , Page 2

The NRA Foundation uses the State Fund Committees' recommendation as well as the grant application package when deciding which applications to award grants.

The NRA Foundation uses their policy and guidelines in addition to the NRA mission when deciding which applications to choose for funding. The NRA Foundation has a policy not to fund any operating expenses. Some applications get denied for grants and some get awarded full funding, but the majority of grant applications get partial funding.

The Greater Alabama Council (GAC) of the Boy Scouts of America has received a total of \$5,400 in grants from the NRA Foundation. They have submitted eight grant applications and received funding for four.

[redacted] stated that the NRA Foundation does not consider enrollment or membership numbers of an organization when determining which applications to fund; rather, the NRA Foundation grant application asks how many individuals will benefit from the funding. This only plays a part in the NRA Foundation's decision of which applications to fund.

[redacted] stated that the 2003 grant application, NRA Foundation Reference Number 03AL06, from GAC stated it would benefit 65,000 individuals. This application was for a \$5,000 grant and received \$2,500. An after action report was submitted stating the funding benefitted 2,500 individuals. This grant was to purchase shotguns and 22 caliber rifles for summer camp programs. [redacted] stated that the 2004 grant application, NRA Foundation Reference Number 04NAT17, from GAC stated it would benefit 7,000 individuals for summer camp and 60,000 individual annually. This application was for a \$50,000 grant, but did not receive any funding. This grant was for shooting education for children and instructor training for adults.

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[redacted] stated that a 10-12% difference in how many individuals a grant would benefit would not change the outcome of whether the grant was awarded. [redacted] said that the only time the number of individuals is looked at in depth is when there is a very small number of individuals benefitting from the grant or if the amount of dollars per individual benefitted is a high rate. [redacted] did not give estimates on what these numbers or rates might be. [redacted] said it was a judgement call based on the

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46H-BH-51721

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Continuation of FD-302 of [redacted], On 11/29/2006, Page 3

State Fund Committees to decide whether they would make a recommendation.

[redacted] said that most of the NRA Foundation correspondence towards GAC went to [redacted]
[redacted]

[redacted] supplied documentation of the two grants previously mentioned as well as the correspondence between the NRA Foundation and GAC.

[redacted] can be described as follows:

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Name: [redacted]
Sex: Female
Race: White
DOB: [redacted]
SSAN: [redacted]

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 11/29/2006

To: Birmingham

Attn:

Squad 4

From: ✓Washington Field

CR-15, NVRA

Contact: SA [redacted]

Approved By: [redacted] GJ

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Drafted By: [redacted] jla

Case ID #: 46H-BH-51721-[redacted] (Pending)

Title: [redacted]

GREATER ALABAMA COUNCIL OF
THE BOY SCOUTS OF AMERICA;
GF

GRAND JURY MATERIAL - DISSEMINATE PURSUANT TO RULE 6(e)

Synopsis: To cover lead set by Birmingham Field Office to interview [redacted]

Reference: 46H-BH-51721 Serial 94

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Enclosure(s): FD-302 detailing the interview of [redacted]
[redacted] and 1A envelope containing interview notes and documents provided by [redacted]

Details: On November 29, 2006, SA [redacted] interviewed [redacted] National Rifle Association (NRA) Foundation, [redacted] regarding grant applications from Greater Alabama Council (GAC) of the Boy Scouts of America. [redacted] interview is documented in the enclosed FD-302.

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After interviewing [redacted] she provided documents regarding two grant applications submitted by GAC. [redacted] also provided a grant application package.

Washington Field considers this lead covered.

To: Birmingham From: Washington Field
Re: 46H-BH-51721, 11/29/2006

LEAD(s):

Set Lead 1: (Info)

BIRMINGHAM

AT BIRMINGHAM, ALABAMA

Read and clear. Review of enclosed documents left
to the discretion of [redacted] Squad 4.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 01/18/2007

[redacted] employed at Summerford Accountancy, PC, cell telephone number [redacted] home telephone number [redacted] [redacted] was interviewed at the FBI Birmingham, Alabama. After being advised of the identities of the interviewing agents and the nature of the interview, [redacted] provided the following information:

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[redacted] began an audit of membership for the Greater Alabama Council (GAC) of the Boy Scouts of America (BSA) in June 2005. [redacted] determined some GAC memberships were non-compliant with BSA policies. [redacted] defined non-compliant memberships as those without all the required information on an application. Some membership applications were missing information such as date of birth, an address, or a signature. Usually if an application was incomplete it was because the parent's signature was missing. Included in the non-compliant memberships were memberships where multiple applications appeared to be signed by the same person. Some of the non-compliant memberships were not included in his calculations because [redacted] used the membership numbers at the end of the year. For example, a boy could be registered in May for a four month period and therefore not registered at the end of the year. [redacted] observed for the period of time he reviewed that as time went on the memberships became more compliant.

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[redacted] pointed out that just because a membership was considered non-compliant that did not mean the child did not participate in scouting. Similarly, a child could have a compliant membership and not participate in scouts. GAC kept no programming records, so there is no way to trace a scout's participation. There were some districts in GAC where the professional employees did not manage the programming in the district. Any liability forms that may have been completed were kept at the unit level.

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Aside from what is thought of as a traditional troop, there is scouting in the inner city and in rural areas. These areas receive fewer scouting programs. Some of these members were signed up for a month and their dues paid by United Way money.

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[redacted] observed a lot of registrations in the middle and end of the year. If the membership was for a month, the dues were \$0.85. There is no way to verify if these members were legitimate scouts.

Investigation on 01/18/2007 at Birmingham, AlabamaFile # 46H-BH-51721*106*Date dictated by SA
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46H-BH-51546

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Continuation of FD-302 of [redacted]

, On 01/18/2007 , Page 2

Initially some paid scout professional led [redacted] to believe that the Learning for Life (LFL) program was bogus. LFL kids are signed up at school, and there is no application. GAC was supposed to provide materials for character education to the schools for the programs. Some of the schools did not receive the materials. The LFL program lasted six weeks, but the kids were signed up for scouting for a year. [redacted] observed that over time some non-compliant memberships were turned into LFL memberships. LFL memberships were half the price of traditional memberships, and girls could also be registered. These memberships were typically paid for with United Way funds, but sometimes local education funds were used. The portion of the money that came from education funds was pretty small. One year GAC did not have the money for LFL, and all the memberships dropped off the rolls. In the city schools a scout professional, [redacted] was devoted to the LFL program.

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Scout professionals [redacted] told [redacted] that nothing was going on in the schools with the LFL program. [redacted] however, found evidence that the program was happening. From his experience, [redacted] advised that it would not be possible to prove or disprove LFL memberships. [redacted] called some of the schools about the program. A principal may not know about the program even though a teacher is using it in their classroom.

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If any criminal activity existed at GAC it was the misspending of government funds. For example if the money from Jefferson County, Alabama for character education went to the BSA national office without a program or materials being provided to the schools. The money from the local education funds went into "Fund 100" and was used at GAC's discretion. [redacted] does not believe, however, that any money from Jefferson County for LFL would be used for anything other than LFL. [redacted] questions the program, though, that was delivered to the schools.

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As far as changes in GAC membership numbers went, [redacted] noticed a drop in membership around the time of the 2004 investigation by the BSA regional office. The membership numbers did pick back up after the investigation, though. [redacted] thinks that the reason for the drop was that the units were actually non-compliant, and GAC did not register these units while they were being watched by their regional office. For example some non-compliant units were not registered in January 2004 but were registered in May 2004.

46H-BH-51546

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Continuation of FD-302 of [redacted]

, On 01/18/2007 , Page 3

GAC leadership provided [redacted] with some reasons as to why the membership decreased. [redacted] focused on GAC's rank with other councils instead of raw numbers to see if there was a national change in scouting numbers. [redacted] observed that GAC's rank changed nationally, which contradicted GAC's arguments that their membership loss was due to anything happening on a national level. Another reason GAC gave was that they started in 2003 trying to change membership terms to where all memberships expired at the end of the year. [redacted] explained that this change would only result in a temporary loss in membership. [redacted] pointed out that after a membership expires the scout stays on the rolls for two months.

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[redacted] ran membership trends based on monthly membership back to June 2001. In October 2002, traditional membership started a downward trend. This downward trend continued unchanged through 2005. There was no new change to the membership trend when the investigation into GAC began in the end of 2004. [redacted] saw no real reason for the membership to begin to decline in October 2002. The date, October 2002, did not coincide with the changes to re-charter dates or the changes that kept scouting out of the schools. [redacted] coincided with when [redacted] at GAC. [redacted] speculated that [redacted] maybe started tightening up membership processes at GAC.

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[redacted] started at GAC in [redacted] and membership grew. Once the membership started to decline [redacted] needed to stop the decline in order to have good evaluations. A drop in membership would have kept [redacted] from being promoted. [redacted] received direction from [redacted] and the scout employees below him were all evaluated on membership numbers.

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GAC always prided themselves on being a large council. When membership declined [redacted] thinks GAC attempted to have high growth and high membership totals as demonstrated in a May 2004 memo from [redacted] discussing the need to have 6,000 new scouts that month. The district executives knew cheap and easy ways to get members. District executives knew that they could sign kids up for a month at the middle of the year and the end of the year to meet their membership goals. The farther away a district was from Birmingham, the easier it was for members to be fabricated because of a lack of oversight. At one time no one verified the legitimacy of troops and members. Eventually [redacted] added a step around May 2004 where someone from GAC called to verify the existence of units. When GAC came to the attention of the regional office, [redacted]

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46H-BH-51546

Continuation of FD-302 of [redacted], On 01/18/2007, Page 4

said that GAC would get its numbers up but also tighten the process for adding members.

[redacted] pushed his people. District executives' supervisors told them to "get the numbers up," and the district executives knew where there were kids. For example a district executive might know of special needs children in a school and sign them all up. Problem memberships were evident when a new district executive took over an area because the new person let all the bad memberships lapse. For example [redacted] did not renew memberships he knew were "bad."

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The problems with membership are the same across the country because the national focus is on the number of scouts.

[redacted] was motivated to increase membership because it was necessary for him to have a good evaluation. If [redacted] did not have a good evaluation then he could not receive raises or promotions. [redacted] was also evaluated on staying within the budget. [redacted] was evaluated by the local council president. [redacted] was evaluated by [redacted] evaluation was a sum of the evaluations of those employees he supervised. [redacted] needed good evaluations for raises and promotions.

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If a district executive did not receive a good evaluation then the district executive was fired. At the district executive level the policy was "up or out." Good evaluations depended upon the district executive meeting membership goals.

The only benefit for GAC employees for meeting membership goals was a good evaluation.

As [redacted] was supposed to sign-off on units with more than 100 members and units that decreased in membership by more than 50%. [redacted] did not sign-off on these units.

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There were notes in personnel files of former GAC employees [redacted] explaining why they [redacted]. These notes were put into the files in June 2005, but they were back dated to January 9, 2004.

Report of: [REDACTED]

Date: January 18, 2007

Case ID # 46H-BH-51721

Office: Birmingham

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Narrative of Offense:

Allegations were received from a cooperating witness (CW) [REDACTED] the Greater Alabama Council (GAC) of the Boy Scouts of America (BSA). CW believed that GAC was defrauding the United Way by providing inaccurate enrollment numbers. CW believed that [REDACTED]

[REDACTED] from [REDACTED] was the individual that reported information to the United Way. CW believed [REDACTED] salary and vacation time depended upon membership numbers. CW believed that the amount of pay a council scout executive received was proportionate to the number of scouts enrolled. CW believed [REDACTED] intentionally destroyed computer hard drives at GAC to destroy evidence.

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CW appeared to be influenced to make allegations by [REDACTED] Information later indicated that [REDACTED] wanted [REDACTED] out of GAC because [REDACTED] wanted to replace regional camps with a "supercamp" in a central location. [REDACTED] did not want the camp to leave his local region.

BSA is broken down into three levels, national, regional, and local. Each level consists of paid employees and volunteers. At a local level groups of volunteers are supported by a charter organization, such as a school or church, and are chartered through GAC

Units are sponsored by a charter organization. Units consist of troops, packs, venture crews, varsity teams, and Learning for Life (LFL) groups. Typically a youth pays \$10 to GAC, which is sent to the national office to join a unit; if a youth joins a second eligible unit, the youth pays an additional \$1 to be enrolled.

A District Executive (DE) is a paid employee. Every DE is responsible for maintaining and increasing the number of units, adults, and youths, which are registered in their respective district. CW believed that [REDACTED] told DE's to [REDACTED] JAN 23 2007

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either maintain and grow or be fired. CW believed that to make the numbers of units required for their districts, the DE's took youths that had dropped out and carried them forward for the next year. CW believed that GAC was signing up the same youth to multiple units and counting the youth multiple times instead of counting the youth as just dual enrolled. CW believed that GAC enrolled kids who attended "round-ups" even though the parents never signed the registration forms. CW believed that when a unit collapsed the names remain on the roster and the yearly registration form was filled out by the DE. CW believed that the motivation to inflate membership was to receive more United Way and grant money.

Investigation indicated scout employees inflated membership by including children who were not really scouts. DE's enrolled children from lists received from schools. DE's dual enrolled children. Children were not removed from rolls if they did not participate or quit participating in scouting. The birth dates of some children who were too old to be scouts were changed to keep them enrolled. DE's used other creative methods to enroll children. To determine which children were scouts would be difficult; level of service issues exist. Some children may have attended one meeting, some children may have received a lecture at school, and some children may have been given a magazine on scouting.

The motivation for all scout employees to inflate membership appears to be the desire for a good evaluation. A scout employee cannot receive a good evaluation unless membership goals are met. The scout executives feel pressure from the national scout office to meet their goals because they will not be promoted or receive raises if they do not have good evaluations. DE's will be fired if they do not meet their goals. Membership appears to be inflated in councils around the country.

GAC membership has been on a downward trend since October 2002.

[redacted] prior to [redacted] was [redacted]

[redacted]

GRANTORS

Organizations, which gave the money to GAC, were interviewed: Protective Life Foundation, National Rifle Association, United Way, the City of Birmingham, the Jefferson

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County Commission, and the Housing Authority of the Birmingham District.

The United Way allocated \$940,855 in 2005, \$920,721 in 2004, \$911,605 in 2003, \$875,701 in 2002, \$842,020 in 2001, \$799,053 in 2000, \$773,431 in 1999, and \$740,131 in 1998 to GAC.

[redacted] the United Way Of Central Alabama, Inc. described their grant application process. A committee of 28 people decide how to distribute the money raised from the United Way campaign. Agencies submit an application to request funding; information on the application includes programs, numbers served, outcomes, and a budget. A team of 25 to 30 people, along with a chairman, visit each agency. The board of directors for an agency gives a presentation so that the committee gets a sense of the agency and the management. The team chairman guides the team and takes their recommendation to a hearing where the allocation of funds is decided. If a partner agency inflated their numbers served they would undergo the agency review process. The agency would be audited. No agency has undergone the review process in the last twelve years. The United Way board would meet with the agencies board to disclose their findings. The agency would be given a chance to rectify the situation. If the agency did not fix the problem then they would be no longer be funded. Increasing the numbers served does not necessarily increase funding or give that partner an advantage over others in the program. Numbers served has some effect on deciding funding allocation, but it is not the final decision. In 2004 the United Way implemented a program audit to review levels of service. Distributing a brochure, providing one time counseling, and daycare are different levels of service. An agency might count each brochure as serving a person.

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[redacted] for the Girl Scouts and the United Way. The United Way in Birmingham gives twice as much money to the Boy Scouts as it does to the Girl Scouts. Most United Way board members are former Boy Scouts. [redacted] advised the United Way that the Boy Scouts were cooking the books, meaning they did not have as many members as they portrayed to the United Way. She believes the United Way just looks the other way because they know the Boy Scout numbers are false. The Girl Scouts considered filing a class action suit against the United Way. [redacted] believes the United Way staff is just as responsible for the funding decisions based on fake numbers as the Boy Scouts are for providing the fake numbers.

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GAC has received a total of \$5,400 in grants from the National Rifle Association Foundation. [redacted]
[redacted] for the National Rifle Association Foundation described their grant application process. Many items must be submitted with an application for a grant, including, but not limited to

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the details regarding the project and the applying organization's bi-laws, board of directors, budget and earnings. The application ranges from 2-3 pages with 20-25 pages of supporting documentation. The organization must also sign a consideration agreement stating that everything submitted is complete and accurate. An after action report, stating what the money was used for, must be submitted with receipts for each grant awarded. The NRA Foundation uses their policy and guidelines in addition to the NRA mission when deciding which applications to choose for funding. [redacted] stated that the NRA Foundation does not consider enrollment or membership numbers of an organization when determining which applications to fund; rather, the NRA Foundation grant application asks how many individuals will benefit from the funding. This only plays a part in the NRA Foundation's decision of which applications to fund. [redacted] stated that a 10-12% difference in how many individuals a grant would benefit would not change the outcome of whether the grant was awarded. [redacted] said that the only time the number of individuals is looked at in depth is when there is a very small number of individuals benefitting from the grant or if the amount of dollars per individual benefitted is a high rate. [redacted] did not give estimates on what these numbers or rates might be. [redacted] said it was a judgement call based on the State Fund Committees to decide whether they would make a recommendation.

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[redacted] is [redacted] the Protective Life Foundation. GAC received a \$60,000 grant each year in 2002, 2003, and 2004. [redacted] explained that the Executive Review Committee decides which organizations receive gifts and how much of a gift they receive. [redacted] reviews the funding requests and makes recommendations to the committee. In general an organization will submit a letter requesting funding. [redacted] believed that the foundation is not interested in the number of members in an organization, but she pointed out that she was not part of the Committee. [redacted] advised that the number of people served by the charitable gift from the foundation as provided in the funding request is a factor in deciding funding but not the most significant. [redacted] advised that numbers have no bearing on the committee's decision of whether or not to provide funding.

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[redacted] is [redacted] for Jefferson County. [redacted] described the process for allocating grant money from the Jefferson County Commission (JCC). Each commissioner has money set aside to allocate. The receiving organizations had to be non-profits and make a request to a commissioner. From 2001 to the present the JCC has given Boy Scouts money about nineteen times, and the distributions ranged between \$500 and \$15,000. Some requests for funds were from troops and some were from DE's for troops in their district. [redacted] did not remember seeing any JCC funds for BSA that were tied to membership

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numbers.

[redacted] is [redacted] for the Housing Authority of the Birmingham District (HABD). HABD received money from the Public Housing Drug Elimination Fund, which was specifically to be given to the Boy Scouts. [redacted] recommended an amount to be given to BSA by taking into account all programs to be funded, which was approved by a board appointed by the mayor. From the budgeted amount a per child amount was determined. BSA submitted invoices to HABD, which had to include the names of the boys serviced by BSA. HABD verified that the boys were public housing residents. BSA provided regular scouting programs to the boys in public housing. Some of the boys attended camp and the BSA Jamboree. HABD had a good relationship with BSA and felt like BSA helped the boys in public housing. BSA received money from HABD from at least 1988 until the fund stopped in about 1999 or 2000. BSA possibly received money from the HABD operating budget one additional time. BSA received between \$25,000 to \$50,000 a year.

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[redacted] is [redacted] for the City of Birmingham. BSA requested \$25,000 from the City of Birmingham in 2004. The City of Birmingham allocated a lesser amount of \$17,500 for BSA in 2004 and the same in 2005. According to city records the appropriations to BSA were never paid. In August 2004 the city sent two checks to BSA, one for \$6,250 and one for \$5,000. The mayor and his staff review requests for money and recommend an amount for the city budget. A public hearing is then held for the entire city budget.

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Employee Interviews

Current GAC employees were interviewed: [redacted]

[redacted] for the GAC Of The DE's and has worked for GAC for [redacted]. She started [redacted]. She has been in the Birmingham office [redacted] [redacted] in the Anniston office. [redacted] has seen youth birth dates changed on rosters and found that odd. [redacted] believes laziness is a possible reason for the crossed out birth years. She believes that for example instead of obtaining five new applications for students in a special education class that a DE would just change the birth dates of five students who are too old to be scouts. [redacted] Anniston office she showed a roster where five students in a row's birth years had been changed to make them younger to her then

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supervisor, [redacted] told her the changes were on the up and up and to do it. [redacted] accepted [redacted] explanation that the same number of children were still being served at that school. She advised that the DE's use names already in the system instead of getting new names. In the housing projects people move in and out often. The DE's can not change the names of the members of these units without a new application. Some DE's take shortcuts or might not have been able to get a new name from a teacher.

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[redacted] advised that there is a unit in Gadsden at the substance abuse treatment facility, The Bridge. The last names of all members of that troop were listed as Doe. At the Anniston office [redacted] was not as strict on signatures as the Birmingham office. [redacted] described [redacted] as [redacted] was friends with [redacted] in Anniston, [redacted] before the councils merged. [redacted] clashed over the discussed sale of the area camps.

[redacted] is [redacted] for the GAC and has worked for GAC for [redacted] the scout applications, calls schools, and verifies information. [redacted] started calling new units and units that received financial assistance in about March 2004 [redacted] instruction. She calls the executive officer of the troop to see if everything is going well and to ask if there is anything GAC can do for them. She has never called a school that indicated that it did not know of a troop's existence. She does not believe any scout applications are turned in just to make goals.

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[redacted] was a [redacted] He was recently promoted and moved to a council [redacted] told [redacted] that [redacted] told [redacted] to falsify membership. [redacted] told [redacted] that [redacted] had told [redacted] to "sell" [redacted] on Exploring. [redacted] told [redacted] to copy the information from the Exploring unit to a Venturing unit. [redacted] referred to this as "creative membership." [redacted] explained to [redacted] that he would appear to register twice as many children in scouts; the money to pay for the duplicate memberships would come from "Fund 100." [redacted] confronted [redacted] two days after he spoke to [redacted] by saying "give me the opportunity to help you." [redacted] believes [redacted] was trying to bribe him because of what he had told [redacted]. [redacted] advised that [redacted] did not deny the fact that there are fraudulent troops. [redacted] told [redacted] that he did not care "if the troops meet once a year or less often." [redacted] received a list of children from the Jefferson County Housing Authority and started units. [redacted] filled out membership applications for these children, and their fees that were paid to BSA by GAC. [redacted] superiors at GAC, [redacted] told [redacted] that a program aide was going to be hired to deliver the

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scout program to these children. No program aide was hired for these units. In 2004 the units disappeared from the membership records. One day [redacted] told [redacted] that he needed to enroll 236 cub scouts, 131 boy scouts, 88 children in Learning for Life, and 38 children enrolled in [redacted] that day.

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[redacted] began working for GAC on [redacted] as [redacted] explained that according to [redacted] things were all or none and there was no middle ground. [redacted] reported to [redacted] until [redacted] when [redacted] was promoted to a newly created position. [redacted] advised there were in-school units in Blount County that were registered as traditional scouts but receiving the LFL program. [redacted] has been handling these units. LFL membership numbers are insignificant compared to scouting program membership numbers because only scouting program membership numbers are a measure of the council's production by the national office. [redacted] believed these units have not been receiving the scouting program for years. There was a memo from BSA in April 2004 that advised that re-chartering these types of units was not allowed but that [redacted] did it anyway. [redacted] advised that [redacted] was previously over the Sequoyah district, which had a lot of members named "John Doe." [redacted] advised that [redacted] went to the schools the majority of the time and delivered the LFL program to these units.

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Previous Employees

Previous scout employees were interviewed: [redacted]

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[redacted] worked for GAC from [redacted] to [redacted] was [redacted] for [redacted] a low income area. [redacted] explained that it was the common practice for DE's in the low income areas of Birmingham to get the names of students at local schools from the teachers. [redacted] would hold the registration forms for these kids in her desk drawer until they were needed to meet the goals for number of kids registered. [redacted] gave the example that if the council was short five kids for a month then [redacted] would pull five registrations from her drawer and process their membership. The director of field services controlled the rate at which the kids were added. GAC, including the council scout executive, would "sell" the school superintendents a scouting program, which meant GAC would promise to deliver a program to the school that GAC knew would not occur. The superintendents would then convince the principals to allow GAC into the schools to sign the kids up. [redacted] advised that in many cases absolutely no scouting program ever reached the kids who had been registered as scouts by GAC.

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[redacted] referred to the troops at the schools that didn't really exist as paper troops. He believes that it was easier for GAC to create these paper troops in low income areas because there were very few volunteers. There was an instance where [redacted] had picked up registrations for a paper troop from a school before driving to a camp in northern Alabama. His supervisor made him drive back to Birmingham late at night to deliver the registrations because GAC needed the names in order to meet a goal. [redacted] had three supervisors while employed at GAC. His last supervisor was [redacted] who was [redacted] at the time. [redacted] was [redacted] for about the first four years of [redacted] employment. [redacted] replacement was [redacted] moved up to be [redacted] at BSA headquarters in Texas. [redacted] and [redacted] were close friends.

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[redacted] was employed by the BSA in Colorado Springs, Colorado from [redacted] first as [redacted] and then as a [redacted] as a scout professional because he was did not want to "play games," which were necessary to succeed in BSA. He did not meet the goals outlined by his superiors because he did not "cheat" like other scout professionals. Pressure was placed on him by his superiors to increase membership using the names of kids who were not really scouts. Scout professionals in [redacted] council went to Latter Day Saints churches and registered all kids in the church as scouts. Some of these kids never knew they were registered as members of BSA. A woman, who worked with [redacted] advised that her step-son was registered as a scout even though he was not a scout. The step-son had attended a church function at a church to which he did not belong and as a result was registered as a scout. [redacted] supervisor was ambitious, wanted to be promoted, and therefore needed to increase membership numbers. The pressure to meet membership goals came from the national office. [redacted] told his supervisor about the fake troops, and his supervisor advised him to leave the kids "on the books" to meet membership goals. [redacted] also told the scout executive and the area director, both of whom were not concerned about the fake troops. At the end of the year a council can receive an award from BSA called the quality council award. Part of the criteria for receiving this award is an increase in membership.

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[redacted] was a BSA employee [redacted] He spent the last four years of his employment, from [redacted] in the [redacted] Alabama, Council, which is not part of GAC. [redacted] advised there was "enormous pressure" placed upon the councils by BSA to recruit and serve youth in the geographic areas covered by the various councils. Council employees were expected to meet or exceed their quotas or would be fired from their paid positions. [redacted] recalled situations in which a recruiter would go into an

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inner-city area sporting event and sign up seventy-five youths to become Boy Scouts. At subsequent scheduled meetings perhaps only three of the original seventy-five might show up for the scout troop meeting. The recruiter still received credit on paper for the original seventy-five youths who signed up as scouts. [redacted] did not believe Recruiters did this with any malice, but that it merely reflected the deficiencies of the system.

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Former GAC employee [redacted] advised that there are a percentage of youths who do not even know that they are scouts. He believes that problem has gotten better in the last two years. In the last one and a half years GAC has gotten rid of multiple units in schools. [redacted] described some units as having been "cleaned-up" because the kids weren't getting any programs from GAC. The BSA national office drives the importance of membership numbers to keep GAC accountable. He advised that GAC will eventually "lose." The membership numbers make GAC look better, but the level of funding stays the same. A lot of pressure was placed on [redacted] to meet his membership goals, which was a reason he quit. He was contacted by [redacted] who does not want Camp Comer to be sold for a mega camp.

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[redacted] began working for GAC in [redacted] and [redacted] started as [redacted] and was later promoted to [redacted] estimated that when he started in [redacted] about 20 to 45% of the kids registered as scouts were not really scouts because they had not signed up for scouting, paid their dues, or participated in scouting. [redacted] thought over the years the situation got better. When [redacted] began as [redacted] he recognized that the membership numbers were "crazy." He let everyone know how he stood except for the top two scout executives because he was intimidated by them.

[redacted] predecessor when he was [redacted] was [redacted] [redacted] predecessor was [redacted] inherited the false memberships from [redacted] and [redacted] inherited the false memberships from [redacted] called the chartering organizations and was also told that they did not know anything about having a unit. [redacted] advised his bosses, [redacted] and [redacted] of the false units. [redacted] superiors advised him that they would take care of the situation. The units were not re-chartered and were allowed to drop off of the books. Around the years 2002 through 2004, there was pressure from the top executives at GAC to enroll more kids in scouting. [redacted] went to the Fort Payne, Alabama School System to enroll Special Education students in Traditional Units. [redacted] thought the schools knew what type of program GAC was agreeing to deliver to Fort Payne. The program for Traditional Units, consisting of special education students, included some cooking and also character education programs to help satisfy the school's ten minutes a day requirement. The program took place in the

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schools, but the program aide running the program was not great. Sometimes the program aide did not show up to deliver the program. It was hard for [redacted] to run the programs because the program aides reported to [redacted] was [redacted] then.

[redacted] explained where the "Does's" started. The school system gave GAC the first names of the special education students because it was against the law to classify the students. The school teachers said that the students' last names should not be used. GAC used the last name "Doe" for all the students. Scout employees who did not produce by increasing membership were fired. For [redacted] being a scout employee was very stressful and was the most stressful job at which he had been employed.

[redacted] was not aware of anyone receiving additional bonuses for increasing membership. [redacted] did not have anything to do with what was on grants. [redacted] wrote any grants that [redacted] signed. [redacted] created the numbers that went on the grants using a formula and the number of kids he thought he could recruit.

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Volunteers

Scout volunteers were interviewed: [redacted]
[redacted]

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[redacted] is a volunteer for the GAC. [redacted] the [redacted]. [redacted] received a charter and membership cards in the mail for an explorer post that did not exist. The cards had the same names on them as the boys in [redacted] wife, [redacted] received a charter in the mail for an explorer post, and she is not currently [redacted] received a letter in the mail asking how many boys in [redacted] were going to need financial assistance again for the upcoming year. [redacted] told [redacted] about the charter. [redacted] took the letter to GAC and showed it to [redacted] said that the letter was not supposed to be sent out to the troops. A few days later, [redacted] second hand man, whose name [redacted] cannot remember, called him about the letter. He said that the reason the letter was sent to [redacted] was because the supervisor for the DE's was overzealous, and that it would not happen again. [redacted] believes that charters are being created for units that do not exist because the DE's supervisor encourages the inflated number of units and members.

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[redacted] was a scout volunteer from about [redacted] to about [redacted] He was listed as a scout leader for two venture crews that did not exist. [redacted] believed that every kid, who was in a legitimate troop, was also listed as a member in a troop that did not exist. [redacted] believed that The GAC paid the dues for the kids to belong to the troops that did not exist.

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[redacted] was last involved in scouting around [redacted]. [redacted] was a member of a troop in the [redacted] which was part of the Tennessee Valley Council (TVC). The TVC later merged to form the GAC. Around 1995 [redacted] had a conversation with a DE in the Jackson District whose name he can not recall. This DE told [redacted] that one problem he had was that the previous DE was carrying people on the rolls that were no longer members. If these people were dropped, it would hurt his salary. He told [redacted] that one time he was considering paying the dues of these people just to keep his numbers up.

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[redacted] began volunteering in scouting about [redacted] ago in the [redacted] Anniston, Alabama. [redacted] believed that only fifty percent of the scout units were legitimate. Before Anniston merged with Birmingham, [redacted] asked then [redacted] about the number of units. [redacted] believed [redacted] lied to him when he said that the units were legitimate and he gave him excuses. [redacted] told [redacted] not to get involved "at this level," meaning he did not need to know. After the merger [redacted] was promoted to [redacted] because it is "scout tradition" to promote problem employees. The new [redacted] was [redacted] wanted ninety days to "clean house" before he accepted the job. Bad units were eliminated, and [redacted] was involved in this process. [redacted] believed that younger, paid professionals had taken names from tombstones in cemeteries to make units and assigned these units to schools. [redacted] believed that near the end of the month at the end of the quarter pressure was placed on employees by the executives to make them understand that their job depends upon membership numbers. The employees came up with a group. The DE's gave program aides Applications to complete. The Program Aides signed their names to the Applications. Under the charter the DE's created their own structure, gave the troop a number, and enrolled the kids. [redacted] believes GAC has a carefully architected structure, so people can say "I do not know; that is not my job." [redacted] believes that DE's know that what they are doing is wrong; they keep doing what they are doing to keep their job. Accountability is based on a paper system that looks to be in order. If you look at the paper, the names will be fraudulent. Ft. Payne, Alabama was cleaned-up because they knew [redacted] had documents supporting the existence of fraudulent units. Whenever [redacted] talked to [redacted] about the fraudulent units, [redacted] got mad and started shaking. [redacted] told [redacted] that "we're clean, you know we're clean." [redacted] indicated to [redacted] that the council passed an internal audit. [redacted] heard that the DE's protect each other; the DE's know that the units are manufactured. [redacted] advised that GAC is spending so much time perpetuating a "shell game." He described the shell game as being led by the DE's. He advised that the DE's manufacture the number of youths enrolled. The DE's pay the membership dues for

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the phony youths out of their own pocket in order to support the number of youths they claim are enrolled. [redacted] advised that [redacted] scout units at GAC were "bad ones," meaning the members were not legitimate. [redacted] advised that [redacted] worked for [redacted] [redacted] at GAC. [redacted] advised that [redacted] and "his people" put fake scouting units on paper. [redacted] advised that [redacted] will look the worst." [redacted] a GAC employee, worked with [redacted] advised that [redacted] remembers GAC being two hundred kids short on the last day of the month. Scouting professionals went behind a closed door and were able to create the two hundred kids in a couple of hours to meet the goal.

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[redacted] is [redacted] for GAC. [redacted] participated in the process of hiring a new scout executive (SE). To find a new SE, GAC worked with the regional BSA office in Atlanta, Georgia. The regional office helps the local council find the right SE for the council. To determine the salary for the new SE, several factors are considered. BSA recommends a range for the SE, which is \$180,000 to \$230,000. The council also factors in the number of years of service to BSA and what the individual's current salary is with BSA. The council ultimately sets their own salary for the SE based on what they think the job is worth. When hired the SE's salary can be no more than 15% greater than the SE's previous salary. Since councils are competing with other councils at the same time for the best candidate for the job of SE, the salary must be competitive. When the SE is hired, the SE must commit to work for the council for three to four years.

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[redacted] a year. [redacted] that he worked for GAC. Salary increases to SE's are determined by the council using an objective system. Salary increases are based upon the scheduled achievements of money raised from Friends of Scouting, membership retainment, and low turnover among employees. Usually the SE receives an annual salary increase of between three and four percent. An SE can receive a salary increase of five to ten percent for exceptional performance.

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[redacted] was hired to replace [redacted] GAC chose to make [redacted] [redacted] than [redacted] salary to make room to give [redacted] a pay raise at the beginning of the year if he performs well. [redacted] thinks that [redacted] has done well and will probably receive the pay raise.

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Audit

[redacted] believed that if any criminal activity existed at GAC it was the misspending of government funds. For example if the money from Jefferson County, Alabama for character education went to the BSA national office without a program or materials being provided to the schools. The money from the local education funds went into "Fund 100" and was used at GAC's discretion. [redacted] does not believe, however, that any money from Jefferson County for LFL would be used for anything other than LFL. [redacted] questions the program, though, that was delivered to the schools.

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[redacted] ran membership trends based on monthly membership back to June 2001. In October 2002, traditional membership started a downward trend. This downward trend continued unchanged through 2005. There was no new change to the membership trend when the investigation into GAC began in the end of 2004. [redacted] saw no real reason for the membership to begin to decline in October 2002. The date, October 2002, did not coincide with the changes to re-charter dates or the changes that kept scouting out of the schools. [redacted] coincided with when [redacted] started at GAC. [redacted] speculated that [redacted] maybe started tightening up membership processes at GAC.

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GAC always prided themselves on being a large council. When membership declined [redacted] thinks GAC attempted to have high growth and high membership totals as demonstrated in a May 2004 memo from [redacted] discussing the need to have 6,000 new scouts that month. The district executives knew cheap and easy ways to get members. The problems with membership are the same across the country because the national focus is on the number of scouts. [redacted] was motivated to increase membership because it was necessary for him to have a good evaluation. If [redacted] did not have a good evaluation then he could not receive raises or promotions. If a district executive did not receive a good evaluation then the district executive was fired. At the district executive level the policy was "up or out." Good evaluations depended upon the district executive meeting membership goals. The only benefit for GAC employees for meeting membership goals was a good evaluation.

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 01/24/2007

To: Birmingham

From: Birmingham

Squad 4

Contact: SA [redacted]

Approved By: [redacted] *Z*

Drafted By: [redacted] :jat *-110*

Case ID #: 46H-BH-51721 (Pending)

Title: [redacted]

GREATER ALABAMA COUNCIL -
BOY SCOUTS OF AMERICA;
FRAUD AGAINST THE GOVERNMENT

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Synopsis: To recommend captioned matter be closed.

Details: On November 9, 2004, the Birmingham Division received a complaint from a cooperating witness (CW) [redacted] [redacted] the Greater Alabama Council (GAC) of the Boy Scouts of America (BSA). CW believed that GAC was defrauding the United Way by providing inaccurate enrollment numbers. CW believed that [redacted] from [redacted] was the individual that reported information to the United Way. CW believed [redacted] salary depended upon membership numbers. CW believed [redacted] worked with [redacted] to inflate membership numbers.

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CW appeared to be influenced to make allegations by [redacted] Information later indicated that [redacted] wanted [redacted] out of GAC because [redacted] wanted to replace regional camps with a "supercamp" in a central location. [redacted] did not want the camp to leave his local region.

Investigation indicated scout employees inflated membership by including children who were not really scouts. District Executives (DE) enrolled children from lists received from schools. DE's dual enrolled children. Children were not removed from rolls if they did not participate or quit participating in scouting. The birth dates of some children who were too old to be scouts were changed to keep them enrolled. DE's used other creative methods to enroll children. To

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S:\drafts\sq4\ [redacted] 24jat01.wpd

*Close Case
C-5
1/25/07*

To: Birmingham From: Birmingham
Re: 46H-BH-51721, 01/24/2007

determine which children were scouts would be difficult; level of service issues exist. Some children may have attended one meeting, some children may have received a lecture at school, and some children may have been given a magazine on scouting.

The motivation for scout employees to inflate membership appears to be the desire for a good evaluation. A scout employee cannot receive a good evaluation unless membership goals are met. The scout executives feel pressure from the national scout office to meet their goals because they will not be promoted or receive raises if they do not have good evaluations. DE's will be fired if they do not meet their goals. Membership appears to be inflated in councils around the country. GAC membership has been on a downward trend since October 2002.

There was no evidence that scout employees inflated rolls to receive funding from the United Way or other agencies. Investigation indicated that membership numbers were not the significant factor in the awarding of money to GAC by the following agencies: United Way, the City of Birmingham, the Housing Authority of the Birmingham District, the Jefferson County Commission, the National Rifle Association, and the Protective Life Foundation.

[redacted] prior to [redacted] was [redacted]
[redacted]

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On January 22, 2007 the United States Attorney, Northern District of Alabama, declined prosecution of captioned matter.

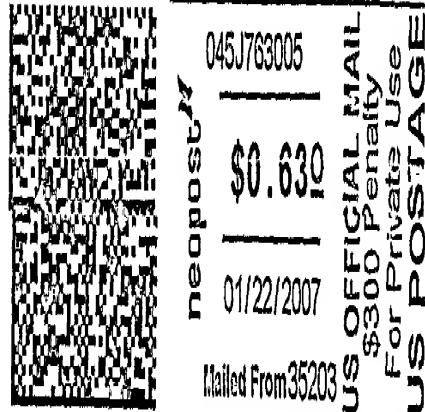
Writer requests captioned matter be closed at this time.

♦♦

U.S. Department of Justice

United States Attorney
Northern District of Alabama
1801 Fourth Avenue North
Birmingham, Alabama 35203-2101

Official Business
Penalty for Private Use \$300



Federal Bureau of Investigation
1000 18th Street North
Birmingham, AL 35203

35203+1000-06 COOS





U.S. Department of Justice

Alice H. Martin
United States Attorney
Northern District of Alabama

James A. Sullivan
Assistant U.S. Attorney
Chief, Criminal Division

Criminal Division
1801 Fourth Avenue North
Birmingham, AL 35203-2101

(205) 244-2001
FAX (205) 244-2182

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January 22, 2007

Ms. Carmen S. Adams
Special Agent in Charge
Federal Bureau of Investigation
1000 18th Street North
Birmingham, Alabama 35111

Re: *United States of America v.* [redacted]
FBI File No.: 46H-BH-51721

Dear Ms. Adams:

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This letter is to inform you that the United States Attorney declines prosecution of [redacted]
[redacted] based on weak and insufficient evidence. Special Agent [redacted] concurs in this decision.

A thorough and sifting investigation over a two year period, which included consultation with the Summerford Accountancy, PC Investigative Team and a review of their forensic audit of the membership of the Greater Alabama Council, Boy Scouts of America, revealed that the reports of BSA membership counts were erroneous and substantially overstated and that a notable lack of compliance had occurred in following BSA membership procedures for the years prior to 2005. However, no fraud victims, such as donors or contributors to BSA were found. And further, no deviations in salary increases or advancements within the organization among scout executives based on the erroneous numbers were discovered. Based on all of the evidence that was uncovered in the investigation, no federal crime that had a likelihood of being successfully prosecuted at trial was determined.

We appreciate very much the dedication of Special Agent [redacted] and your office in conducting this investigation. We also appreciate the special attention Supervisory Special Agent [redacted]
[redacted] gave to reviewing this matter and to the suggestions he made to make sure no stone was left unturned. We continue to be grateful for your cooperation with our office in seeing that justice is done for the citizens of this district.

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46H-BH-51721 jbt - III

Should any additional evidence come to light of which we were previously unaware, we remain ready to reopen this matter and reconsider this decision.

Sincerely,

Alice H. Martin
United States Attorney



James A. Sullivan
(Chief, Criminal Division)

cc [redacted] SA
[redacted] SSA

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b7c

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 01/24/2007

To: Criminal Investigative Attn: Government Fraud Unit
From: Birmingham
Squad 4
Contact: SA [redacted]

Approved By: [redacted] ✓

Drafted By: [redacted] jat

Case ID #: 46H-BH-51721 (Closed) JAT - 114

Title: [redacted]

GREATER ALABAMA COUNCIL -
BOY SCOUTS OF AMERICA;
FRAUD AGAINST THE GOVERNMENT

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Synopsis: To submit LHM concerning captioned matter.

Enclosure(s): Original LHM and three copies.

Details: On November 9, 2004, the Birmingham Division received a complaint from a cooperating witness (CW) [redacted]. [redacted] the Greater Alabama Council (GAC) of the Boy Scouts of America (BSA). CW believed that GAC was defrauding the United Way by providing inaccurate enrollment numbers. CW believed that [redacted] from [redacted] was the individual that reported information to the United Way. CW believed [redacted] salary depended upon membership numbers. CW believed [redacted] a scout professional, worked with [redacted] to inflate membership numbers.

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Investigation indicated scout employees inflated membership by including children who were not really scouts. District Executives (DE) enrolled children from lists received from schools. DE's dual enrolled children. Children were not removed from rolls if they did not participate or quit participating in scouting. The birth dates of some children who were too old to be scouts were changed to keep them enrolled. DE's used other creative methods to enroll children. To determine which children were scouts would be difficult; level of service issues exist. Some children may have attended one meeting, some children may have received a lecture at school, and some children may have been given a magazine on scouting.

S:\drafts\Sq4\ [redacted]\24jat02.wpd

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To: Criminal Investigative From: Birmingham
Re: 46H-BH-51721, 01/24/2007

The motivation for scout employees to inflate membership appears to be the desire for a good evaluation. A scout employee cannot receive a good evaluation unless membership goals are met. The scout executives feel pressure from the national scout office to meet their goals because they will not be promoted or receive raises if they do not have good evaluations. DE's will be fired if they do not meet their goals. Membership appears to be inflated in councils around the country. GAC membership has been on a downward trend since October 2002.

There was no evidence that scout employees inflated rolls to receive funding from the United Way or other agencies. Investigation indicated that membership numbers were not the significant factor in the awarding of money to GAC by the following agencies: United Way, the City of Birmingham, the Housing Authority of the Birmingham District, the Jefferson County Commission, the National Rifle Association, and the Protective Life Foundation.

[redacted] prior to [redacted] was [redacted]
[redacted] last yearly salary with GAC was \$197,042 in 1999.
[redacted] salary in 2001 was \$183,648. [redacted] salary in 2002 was
\$190,678, a 3.8% increase. [redacted] salary in 2003 was \$202,620,
a 6.3% increase. [redacted] salary in 2004 was \$215,000, a 6.1%
increase.

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On January 22, 2007 the United States Attorney, Northern District of Alabama, declined prosecution of captioned matter.

The Birmingham Division has closed the investigation into this matter.

To: Criminal Investigative From: Birmingham
Re: 46H-BH-51721, 01/24/2007

LEAD(s) :

Set Lead 1: (Info)

CRIMINAL INVESTIGATIVE

AT WASHINGTON, DC

Read and clear.

♦♦



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No. 46H-BH-51721

Birmingham, Alabama
January 24, 2007

[Redacted]
b6
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GREATER ALABAMA COUNCIL -
BOY SCOUTS OF AMERICA;
FRAUD AGAINST THE GOVERNMENT - OTHER

On November 9, 2004, the Birmingham Division received a complaint from a cooperating witness (CW) [redacted] [redacted] the Greater Alabama Council (GAC) of the Boy Scouts of America (BSA). CW believed that GAC was defrauding the United Way by providing inaccurate enrollment numbers. CW believed that [redacted] from [redacted] was the individual that reported information to the United Way. CW believed [redacted] salary depended upon membership numbers. CW believed [redacted] a scout professional, worked with [redacted] to inflate membership numbers.

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The motivation for scout employees to inflate membership appears to be the desire for a good evaluation. A scout employee cannot receive a good evaluation unless membership goals are met. The scout executives feel pressure from the national scout office to meet their goals because they will not be promoted or receive raises if they do not have good evaluations. DE's will be fired if they do not meet their goals. Membership appears to be inflated in councils around the country. GAC membership has been on a downward trend since October 2002.

There was no evidence that scout employees inflated rolls to receive funding from the United Way or other agencies. Investigation indicated that membership numbers were not the

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

S:\drafts\sqh\ [redacted] \24jat03.wpd

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significant factor in the awarding of money to GAC by the following agencies: United Way, the City of Birmingham, the Housing Authority of the Birmingham District, the Jefferson County Commission, the National Rifle Association, and the Protective Life Foundation.

[redacted] prior to [redacted] was [redacted]
[redacted] last yearly salary with GAC was \$197,042 in 1999.
[redacted] salary in 2001 was \$183,648. [redacted] salary in 2002 was
\$190,678, a 3.8% increase. [redacted] salary in 2003 was \$202,620,
a 6.3% increase. [redacted] salary in 2004 was \$215,000, a 6.1%
increase.

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On January 22, 2007 the United States Attorney, Northern District of Alabama, declined prosecution of captioned matter.

The Birmingham Division has closed the investigation into this matter.

- 1 -

FEDERAL BUREAU OF INVESTIGATION

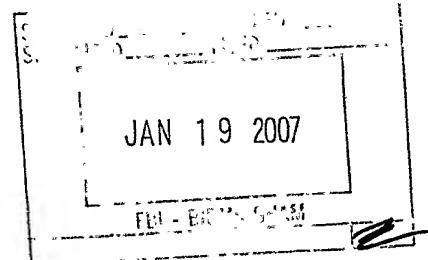
Date of transcription 01/19/2007

An Individual in a position to testify provided the following information:

[redacted] was looking for a job in Birmingham, Alabama as a [redacted] was still in the Birmingham area collecting a check from Boy Scouts of America (BSA). BSA and [redacted] had not reached an agreement regarding a buy-out of [redacted] contract.

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[redacted] is [redacted] Friends of Scouting in this council.

**FIG**

Investigation on 01/18/2007 at Birmingham, Alabama (telephonically)

File # [redacted] 46H-BH-51721-115 Date dictated _____

by SA [redacted]

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 02/20/2007

To: Birmingham

Attn: [redacted]

From: Birmingham

Squad 4

Contact: SA [redacted]

Approved By: [redacted] b6
b7C

Drafted By: [redacted] :jat/jb

✓Case ID #: 46H-BH-51721 -116 (Closed)

Title: [redacted]

GREATER ALABAMA COUNCIL-
BOY SCOUTS OF AMERICA

Synopsis: To document disposition of evidence.

Details: 1B1 of the aforementioned case file contains nine items of evidence surrendered by the Greater Alabama Council of the Boy Scouts of America (GAC). Writer will return three items to GAC, a CD-Rom containing membership information and two back-up tapes labeled "Tuesday Tape 1" and "Tuesday Tape 2."

The six remaining items are forensic images of hard drives. The hard drives are the property of the FBI. Writer requests the assistance of CART for the six hard drives to be forensically wiped and returned to CART.

♦♦

FEB 22 2007

2/23/07
cjj

S:\drafts\sq4\ [redacted]

5ljato1.wpd

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birmingham@fbi.gov

From: [redacted]
Sent: Wednesday, January 26, 2005 7:59 PM
To: birmingham@fbi.gov
Cc: [redacted]
Subject: Tuscaloosa Boy Scouts

b6
b7C

Special Agent [redacted]

I recently read the article about the membership investigation of the Birmingham Boy Scouts. I served [redacted] and was terminated on unfounded charges, mainly due to [redacted] when I was [redacted]

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I talked with my best friend, Special Agent [redacted] with ICE in Nashville and he recommended I send you my files regarding the Boy Scouts in Tuscaloosa. I will send a copy of them to you via priority mail in the morning. To make a long story short, I [redacted] to BSA regional management. The local board was furious that he was promoted to [redacted] so as [redacted] in the council. [redacted] made a lot of Sr. People look bad. It is all in my files I'll send you.

Fake membership is rampant in the BSA, Scout Executives will insulate themselves every way they can, yet strong-arm the execs to hit goals and provide them the funding to pay for the membership, then blame the lowest level executives.

Look through the files, It may be of use, it may not. I dedicated [redacted] years to the BSA and do not like how they do business, it is dirty. If I can be of any assistance in explaining how they operate, let me know.

You can reach me at : [redacted](h), [redacted](w)

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Sincerely,

[redacted]

117
46H-BH-5172/gab

birmingham@fbi.gov

From: [REDACTED]
Sent: Thursday, January 27, 2005 11:04 PM
To: birmingham@fbi.gov
Subject: Boy Scout Membership



Boy Scout
Membership.doc

Special Agent [REDACTED]

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b7C

I wrote down a few things that might be helpful in understanding how membership is inflated in Boy Scout Councils. It might help you in your investigation.

[REDACTED]

4607-BH-51721 *118*
jat

I thought I would give you a little background on how the Boy Scouts inflate their membership numbers. I'll need to explain a few concepts first.

Every Scout unit is granted an annual charter. It can be from 6 to 18 months. Most are 12 months long and usually end in October, November or December. The BSA runs on a calendar year, so all membership figures used are from December 31 for united way, grants etc.... A Scout unit will have, (X) amount of boys when it starts and then boys can join throughout the year and the membership fee is prorated for each month.

It cost \$10 per year to be a member of the Boy Scouts or .84 per month. So a scout unit accumulates boys throughout the year. Let's say you start with 30, 20 join and 15 quit or drop out. The Boy Scouts will report 50 even though there are only 35, because they will carry them through until a unit recharters or renews then all boys who have not paid their \$10 registration fee are dropped off.

Now this is how the BSA can and does manipulate the membership:

A council and/or its professional staff will add names to a scout unit in its last month before it renews. For example you could add 20 youth to a Scout unit that renews in October for .84 each instead of a higher prorated fee earlier in the year and be able to count that membership on 12/31 because, most councils will not renew an October, November or December Scout unit until January 1, because they don't want to lose the membership before the end of the year. A unit goes into a lapsed state for 60 days after its charter month. So an October Scout unit can be held and you can count the membership through 12/31 and artificially inflate your numbers. You do this to 50-100 Scout units and you are talking about a possible 2000 kid difference in your end of year numbers in a small council, much larger in a metro area. Most of the time the registrars know the membership is questionable, so they usually don't even print and mail membership cards or if they do the executives will say they will deliver it and toss the cards, the unit recharters on Jan 1 and the unit leaders never even know the kids were added. This is a very, very common way to manipulate numbers. The Boy Scouts call it "Membership Management".

The next way they manipulate membership is through their Inner City or Scout Reach Programs. Most sizeable councils have a Scout Reach person, who is a Para-professional that works exclusively with inner city youth. These guys go into inner city neighborhoods and sign up every kid possible. 90% of them never even know they are in Scouts. Councils usually pay for the membership, the United Way loves it, and they think they are doing a good deed, but they are really helping the councils inflate their membership. They never ask to see if a unit is earning advancement. That is a sure way to tell a fake, ghost or inactive unit – they don't earn any advancement. I have seen Scout reach guys ask how much membership do you need, and then bring it in 4-5 days later. It is free for the kids, even though they may never go to the first meeting.

Exploring the Co-ed Career Education Program for high school kids is another area. #1 the BSA runs surveys in the schools where kids choose careers they would like to learn

more about. The survey requires: Name, address, City, St, Zip, and Tele & Date of Birth. Everything you need to put them on the Exploring registration list. No application is required, just a BSA form. BSA Execs have literally tens of thousands of these at their disposal to add to units at the end of their charter dates, usually October, November and December. Another thing BSA execs will do is go sit in the cafeteria to promote Exploring, tell the kids it is free, pay for one month of their registration at the end of the year then never bother to really get them to join.

How is this funded?

Several different ways. Some councils that are flush with cash and just run it through a "specific assistance" line item in their budget. Others are not and the executives must be creative, so they skim cash off of camporee fees and other activities and "rat-hole" it away to pay for the membership. It only takes \$84 to add 100 kids to your year-end numbers, so a lot of executives do it; some even pay for it themselves. 100 kids can make the difference between a 2% and 10% pay raise for a district executive.

What is the motivation?

- a. Pressure from your boss. #1
- b. Pay increases for reaching your goal
- c. Peer pressure

Some other interesting facts:

The Scout Executive (Executive Director) is well paid. A metro Scout Executive, like in Birmingham, should make in the neighborhood of \$140,000+ a year, on top of that - benefits, company car, liberal expense account, company credit card etc... It is way out of wack for a not-for-profit pay scale. The general contributor, blue-collar guy who gives \$50.00 to support Scouting has no idea they are paid this much. If you review United Way applications from the BSA they hide this by using what they call a fair share. Say you are applying for funding from the United Way of Birmingham. It will ask what administrative salaries are. The Boy Scouts take the membership in that county and divide it by the total council membership and come up with a % and they will divide the Scout executives salary by that % and show only that amount. They will not come out and say that the Scout Executives salary is \$140,000.

Scout Executives work for the executive board of the Council. Most of which were chosen by the Scout Executive. So he surrounds himself with people he chose and usually they only hear his side of any story.

I imagine the council in Birmingham has "circled the wagons" they will find lower-level executives to place the blame on and produce "Membership Validation" agreements signed by every executive that says they will uphold the membership standards of the

BSA. And claim they had some bad apples doing the inflated membership, when it has been a part of the corporate culture for decades.

How To Spot a Fake Unit:

- a. Usually has only 5 members
- b. Minimum number of adults registered, usually 4 for an Explorer Post, 6 for a cub pack, 5 for a troop. Adults are what are called multiple registrations. Which means their primary registration is in another Scout unit and either a copy of their adult application has been used or filled out by a BSA staff member
- c. No advancement earned within the unit
- d. Professional staff members appear as adult leaders on the rosters.
- e. Youth with same addresses or birth days

birmingham@fbi.gov

From: [REDACTED]
Sent: Wednesday, January 26, 2005 4:54 AM
To: birmingham@fbi.gov
Subject: Cub Scout rolls padding

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This activity has been ongoing in the NW Ga. Council (Rome, Ga.) although pack leaders have complained about it.

Boys are signed up in the fall. The fee structure charged for new scouts at the council level is such that they actually pay for around 18 months. Here, they join in the fall and are carried on the rolls through December of the following year.

"Recharter" is that period of time in the council in which the packs must re-certify their rolls and pay the next year's individual fees for the Cubs. Back when I was Cubmaster for a pack a few years ago, I struck off from the rolls the names of any boys that hadn't actually participated in the preceding 6-9 months (you have to understand that no small amount of new recruitment drops out after six months; to eliminate only the boys that quit only in the last six to nine months is pretty forgiving). The pack had limited funds. We wanted every boy to participate. Nevertheless, the pack couldn't afford to pay fees for boys that didn't actually take part in the unit.

The next organizational level below the Council is the District. The District is intermediate between Council and Pack. The District Executive was the Scout-paid representative of the Council to the Packs. As such, he is responsible for pack recharters. Our District Executive appeared to be very, very interested in keeping the numbers up on the rolls. He strongly suggested that we avoid striking any boy. He discouraged us from taking boys off. He told us we shouldn't strike boys unless we called their parents and confirmed that the boy would not return. If the parent gave any indication that the boy would return (and there were ways that you could direct the questions to "shame" them into saying that they would ((though we weren't specifically told how))), then the boy was to stay on the roster.

I never made the calls. They were a waste of time. I just struck the boys off. Nevertheless, some boys stayed on the rolls on the following year's recharter roster. Why? Because even though he hadn't participated in a year, the boy was technically paid up for eighteen months (through two recharters). I still struck them off.

What added insult to injury was that our recruiting period was in early fall. They paid for 18 months. These new boys in our pack were added to the recharter rolls. Please remember that the recharter rolls were lists of boys and adults that had already paid last year for 18 months. If I, as the Cubmaster, didn't do a diligent job of striking off those boys so that we didn't pay for them, the pack would wind up paying for an additional 12 months of membership on a boy that had just paid for 18 months membership. This created a situation in which a boy could hypothetically be a paid member for 30 months although he NEVER came to a single meeting or enjoyed any benefit of Scouting. You could have a boy paid up for what should have been almost his entire Cub Scouting "career" that never participated in a single Cub activity.

We were told that the District Executive's salary, promotions, etc. were based in part on District enrollment and the growth of his packs in his district. This might have been a motivator for them to fudge.

Again, we complained about this. It fell on deaf ears. I can't document the complaints with the emails that I sent because my computer crashed

460-BH-51721pat-19

and took the emails with it. [REDACTED] felt that it was a way to get extra money from us. It never dawned on us that the roll numbers were being used to justify donations, etc. from other organizations.

Thanks,

[REDACTED]

[REDACTED] cell

[REDACTED] (work -this is the secretary-she can page me)

[REDACTED] (Home)

b6
b7C

birmingham@fbi.gov

From: [REDACTED]
Sent: Friday, January 28, 2005 1:53 AM
To: birmingham@fbi.gov
Subject: Greater Alabama Council Investigation

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First allow me to introduce myself. My name is [REDACTED] I am [REDACTED] years old, I started in scouting as a cub scout and was awarded the great honor of Eagle Scout in the mid 90's. Shortly after receiving my Eagle merit, I quit participating in the local BSA program for several different reasons but mainly due to politics. My time served in the BSA was under the former Tennessee Valley Council which was merged into the Greater Alabama Council.

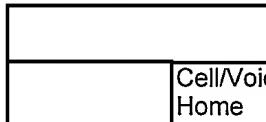
I have been saddened to see the direction the local BSA program has went over the last several years however in 20/20 hindsight it was a long time coming. Mismanagement and misappropriation is not excusable and does not represent what I worked for and I encourage your department to be diligent in your investigation of this problem.

I heard a statement from the United Way today on a local talk radio station that the FBI has asked for records dating back to 1999. I can assure you that not only misreporting of enrollment but bogus memberships were created as far back as the early 90's.

As told in my board of review back in 1995, once an Eagle Scout, always an Eagle Scout. As an Eagle Scout I want to see the program restored to where it once was and I believe your investigations is a start to a solution for the overall problem. If your department is interested, I am offering my assistance by sharing what I know about the issue. I by no means have hard evidence against anyone but as a more involved scout district executives spoke a little more freely around me as well as other acquaintances. I can also point you in directions that I feel sure can attest to the problems and maybe give you some more insight.

I appreciate your time in reading this and commend your efforts. Feel free to contact me at any time. I can also be available for a personal meeting in Huntsville almost any day of the week if you so desire.

Best regards,



Cell/Voicemail – Preferred
Home

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1/28/2005

46H-BH-51721-120
jat

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
Receipt for Property Received/Returned/Released/Seized

File # 46H-BH-51721On (date) 02/05/07

item(s) listed below were:

Received From
 Returned To
 Released To
 Seized

(Name) (Street Address) (City) b3
b6
b7CDescription of Item(s):
46H-BH-51721-121

FEB 8 2007

Received By Received From b3
b6
b7C

***** -COMM. JOURNAL- ***** DATE DEC-30-2004 *** TIME 17:02 *** P.01

MODE = MEMORY TRANSMISSION

START=DEC-30 16:44

END=DEC-30 17:01

FILE NO.= 243

STN NO.	COM	ABBR NO.	STATION NAME/TEL. NO.	PAGES	DURATION
001	BUSY	8	[REDACTED]	000/003	00:00'00"

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***** - ***** - *****

FD-448 (Rev. 6-2-97)



FBI FACSIMILE
COVER SHEET

PRECEDENCE

Immediate
 Priority
 Routine

CLASSIFICATION

Top Secret
 Secret
 Confidential
 Sensitive
 Unclassified

Time Transmitted: 16:00
Sender's Initials: Jat
Number of Pages: 3
(including cover sheet)

To: USA Office

Date: 12/30/04

Name of Office

Facsimile Number: [REDACTED]

Attn: [REDACTED] Name [REDACTED] Room [REDACTED] Telephone [REDACTED]

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b7C

From: _____
Name of Office _____

Subject: _____

Special Handling Instructions: _____

Originator's Name: SA [REDACTED] Telephone: [REDACTED]

b6
b7C

Originator's Facsimile Number: [REDACTED] [REDACTED]

Approved: _____

Brief Description of Communication Faxed: _____

MAR 6 2007

FBI - PHILADELPHIA

464-BH-51721 12/30

WARNING

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3/7/05



FBI FACSIMILE

COVER SHEET

PRECEDENCE

- Immediate
- Priority
- Routine

CLASSIFICATION

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 Unclassified

Time Transmitted: 16:00
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(including cover sheet)

To: USA Office
Name of Office

Date: 12|30|04

Facsimile Number: _____

b6
b7c

Attn: _____
Name _____ Room _____ Telephone _____

From: _____
Name of Office

Subject:

Special Handling Instructions:

Originator's Name: SA _____ Telephone: _____

Originator's Facsimile Number:

Approved: _____

Brief Description of Communication Faxed:

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FBI FACSIMILE

COVER SHEET

PRECEDENCE

Immediate
 Priority
 Routine

CLASSIFICATION

Top Secret
 Secret
 Confidential
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 Unclassified

Time Transmitted: 17:37
 Sender's Initials: Jat
 Number of Pages: 2
 (including cover sheet)

To: USA office
 Name of Office

Date: 12/21/04

Facsimile Number:

Attn: Room Telephone

b6
b7C

From:
 Name of Office

Subject:

Special Handling Instructions:

Originator's Name: SA Telephone:

Originator's Facsimile Number:

Approved:

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Brief Description of Communication Faxed: Information requested

by AUSA MAR 6 2007

FBI - 100-37114

464-BH-51721 jat -123

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8/17/07

Case Agent: [redacted]

Case ID #: 46B-BH-51721

Title: [redacted]

Boy Scouts of America -
Greater Alabama Council,
516 Liberty Parkway,
Birmingham, Alabama

b6
b7C

Synopsis: An individual stated that [redacted] had instructed employees and volunteers to overstate the number of scouts enrolled. The inflated numbers are used to increase the amount of funds received from government grants, the United Way, and corporate donors. Scouting units are listed at some schools in the area, which are unaware of Boy Scout activity at the school.

It is also alleged that large sums of cash are not being reported by [redacted]. Money from fundraisers is being used to pay the memberships of the ghost units. A similar case has been investigated by the Postal Inspector in Dallas, and the AUSA was [redacted] advised that if [redacted] is involved then she would highly suspect fraud to be involved.

Identifying data:

b6
b7C

Name: [redacted]

Address: [redacted]

SSAN: [redacted]

DOB: [redacted]

Duration of Offense: 1999 to present

FED EX FORMS

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Closed
12/21/04

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THANKS!

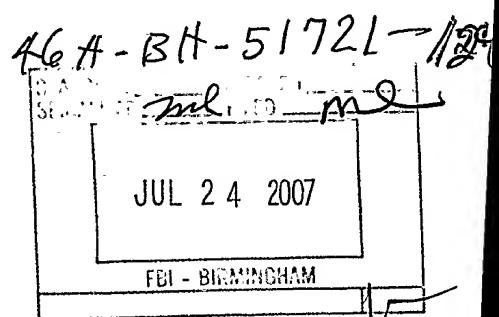
MAIL ROOM STAFF

PLACE TRACKING#

Ref:
Dep:

Date: 07/20/2007 SHIPPING: 5.22
Wgt: 2.5 LBS SPECIAL: 1.76
DV: HANDLING: 0.00
0.00 TOTAL: 6.98

Svcs: PRIORITY OVERNIGHT DSR
TRCK: 6738 1368 3360



7/24/07c 464-BH-51721-jab

FED EX FORMS

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PLEASE FED EX TO: _____

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PLEASE RETURN TO:

NAME

EXT.

THANKS!

MAIL ROOM STAFF

PLACE TRACKING#

Ref:	Date: 07/19/2007	SHIPPING:	14.93
Dep:	Wgt: 13.4 LBS	SPECIAL:	1.05
		HANDLING:	0.00
DV:	0.00	TOTAL:	15.98

Svcs: PRIORITY OVERNIGHT DSR
TRCK: 6738 1368 3187

.125

464-BH 51721/jab

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FEDERAL BUREAU OF INVESTIGATION
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